# Daily Report

# Latin America

FBIS-LAT-96-030
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CONTENTS


**CARIBBEAN**

**Cuba**

EU Vice President on Possible Agreement With Cuba *[Madrid EFE]* ..... 1
Vice President of European Union Ends Visit to Cuba *[Havana Radio]* ..... 1
Cuba Approves Increase in Payments From Self-Employed *[Havana Radio]* ..... 2
Cuba's Medical, Pharmaceutical Industry Holds Meeting *[Havana Radio]* ..... 2
Cuban Minister Comments on Construction Plans for 1996 *[Havana Radio]* ..... 2
Cuba's Varadero Undergoes Tourist Development Program *[Havana TV]* ..... 3
Cuba's Libre-Trip Hotel Renovation Completion by Dec *[Havana Radio]* ..... 3
Cuba Conducts Ceremony To Mark Discharge of Soldiers *[Havana Radio]* ..... 3
Commentary Views Status of Cuban Sugarcane Harvest *[Havana Radio]* ..... 4
Roundup of Cuban Economic Developments Through 13 Feb *[Havana Radio, etc.]* ..... 5

**Haiti**

Haiti's Bazin Congratulates Preval on Inaugural Speech *[Port-au-Prince Radio]* ..... 5
Haitian Sectors React to Preval's Inaugural Speech *[Port-au-Prince Radio]* ..... 6

**MEXICO**

Mexican Government Rejects Human Rights Watch's Remarks *[NOTIMEX]* ..... 7
Mexico Continues To Block Pemex Wells in Tabasco *[Mexico City TV]* ..... 7
Mexico Issues Communique on Pemex Protests in Tabasco *[Mexico City TV]* ..... 8
Mexico's Pemex: Blockade Costs $730,000 Daily *[NOTIMEX]* ..... 9
Mexican Government Personnel Clear Pemex Installations *[NOTIMEX]* ..... 10
Mexico's Pemex Charges Protestors Close Oil Valves *[NOTIMEX]* ..... 10
Mexico's Zedillo, Governors To Speed Decentralization *[LA JORNADA 6 Feb]* ..... 10
Mexican Government, Parties Discuss Tabasco Situation *[Mexico City TV]* ..... 11
Mexican Government Issues Communique on Tabasco *[Mexico City TV]* ..... 12
Mexico's Tabasco Governor Says State Not Ungovernable *[Mexico City TV]* ..... 13
Report on Circulating Mexican Government Securities *[EL FINANCIERO 6 Jan]* ..... 13
Mexican Electoral Officials Confirm PRI Victory in Baja *[NOTIMEX]* ..... 14
Mexico's Chiapas To Reform State Constitution *[LA JORNADA 6 Feb]* ..... 14
Mexican President Heads Ceremony Marking Air Force Day *[NOTIMEX]* ..... 15
Inception of 'Supercartel' in Mexico's Chiapas Reported *[EL FINANCIERO 4 Feb]* ..... 16
Roundup of Mexican Economic Developments Through 12 Feb *[EL FINANCIERO, etc.]* ..... 17
Mexico: Weakened PRI Position Seen in Federal District *[REFORMA]* ..... 19

**CENTRAL AMERICA**

**Guatemala**

Guatemala To Replace All Peace Commission Members *[LA REPUBLICA 9 Feb]* ..... 21
Guatemala: Illegal Immigration Difficult To Control *[LA NACION 1 Feb]* ..... 21
Guatemala: Government Sees Obstacles to Peace *[LA NACION 31 Jan]* ..... 21
Guatemala: Human Rights Outlook 'Discouraging' *[LA NACION 31 Jan]* ..... 22
Guatemala: Peasants Protest Cost of Living Increase *[LA NACION 1 Feb]* ..... 23

**Honduras**

Honduran President Announces New Communications Minister *[LA TRIBUNA 8 Feb]* ..... 24

Honduran Military Chief Announces Disarmament Plan *[LA TRIBUNA 12 Feb]* ..... 24
Honduran Prosecutor General Installs Citizens Council *[ACAN]* ..... 25
Honduran Lempira Depreciates Against U.S. Dollar *[TIEMPO 8 Feb]* ..... 25

**Nicaragua**

Nicaragua's Central Bank Head on 'Stopgap' Noncompliance *[BARRICADA 12 Feb]* ..... 25

**Panama**

Official: Panama 'Unlikely' To Appear on U.S. Trade List *[LA PRENSA 7 Feb]* ..... 26
Panama Union on Economic Effects Due to U.S. Withdrawal *[EL PANAMA AMERICA 8 Feb]* 27
Panama Legislator: Base Renegotiation Against 'Neutrality' *[LA PRENSA 10 Feb]* ..... 27
Panama Minister Comments on Embassy, Relations With Cuba *[LA PRENSA 10 Feb]* ..... 28
Panama's OAS Ambassador Comments on Certification *[EL SIGLO 8 Feb]* ..... 28
Report Profiles Panama Canal Administrator Designee *[LA PRENSA 9 Feb]* ..... 29
Panama's Canal Administrator Views Possible Successor *[LA PRENSA 10 Feb]* ..... 29
Panama's Canal Administrator: Canal Faces No Competition *[EL UNIVERSAL DE PANAMA 11 Feb]* ..... 30
Panama Envoy on U.S. Law Making PCC More Autonomous *[EL PANAMA AMERICA 12 Feb]* 30
Panamanian Customs Head on Increase in Drug Trafficking *[EL SIGLO 5 Feb]* ..... 31
Panaman Legislators, Lawyers: Drug Money Backed Campaigns *[EL PANAMA AMERICA 7 Feb]* ..... 31
Panama's Attorney General on Campaign Drug Money Rumors *[Panama City TV]* ..... 32
Panamanian Banking Group Head Vows Anti-Drug Fight *[LA ESTRELLA DE PANAMA 9 Feb]* 32

**SOUTH AMERICA**

**Argentina**

Argentine Study Views Opening of FBI Offices, Relations *[TELAM]* ..... 33
Argentina Shows 'Concern' Over U.S. Investigation of IBM *[LA PRENSA 8 Feb]* ..... 33
Argentine Judge Interviewed on IBM Case *[CLARIN 11 Feb]* ..... 34
Argentine Judge Investigating IBM Informatics Contract *[CLARIN 12 Feb]* ..... 35
Argentina's Menem Views Economic, Political Issues *[NOTICIAS ARGENTINAS]* ..... 35
Argentina's Frepaso Splits After Internal Disputes *[NOTICIAS ARGENTINAS]* ..... 37
Argentine Party Calls For Internal Elections 14 May *[TELAM]* ..... 38

**Brazil**

Brazilian Committee To Support Government on Sivam *[O ESTADO DE SAO PAULO 12 Feb]* 39
Scientific Group Seeks Brazilian Management of Sivam *[AGENCIA ESTADO]* ..... 39
Brazilian Official: Raytheon Seeks Control of Sivam Data *[FOLHA DE SAO PAULO 9 Feb]* 40
Japan Conveys 'Conditions' for Investment in Brazil *[FOLHA DE SAO PAULO 8 Feb]* ..... 40
Brazil's Petrobras To Announce Bid for Gas Pipeline *[AGENCIA ESTADO]* ..... 41
Brazilian Paper: Colombian Situation 'Political Crisis' *[O ESTADO DE SAO PAULO 6 Feb]* 41
Brazilian Minister Views Running for Sao Paulo Mayor *[JORNAL DO BRASIL 4 Feb]* ..... 42
Editorial: Brazilian Governors Work To Reduce Expenses *[GAZETA MERCANTIL 26 Jan]* ... 43
Brazil Studying Budget Cutbacks Totaling R8.5 Billion *[FOLHA DE SAO PAULO 2 Feb]* .... 44
Brazilian President: Privatization Funds To Go to States *[AGENCIA ESTADO]* ..... 45
Brazil's Liberal, Progressive Parties Form New Bloc *[AGENCIA ESTADO]* ..... 45
Brazilian Businessmen, Unions To Sign New Labor Contract *[Rio de Janeiro TV]* ..... 46
Brazilian Mergers, Transfers Grow at 'Remarkable' Rate *[GAZETA MERCANTIL 2 Feb]* ..... 46
Brazil's Union Power Head on Social Security Talks *[AGENCIA ESTADO]* ..... 47
Brazilian Daily on Evolution of Landless Movement *[JORNAL DO BRASIL 4 Feb]* ..... 48
Brazil's Indigenous People Trade Land for Electricity *[FOLHA DE SAO PAULO 8 Feb]* ..... 48

Roundup of Brazilian Economic Reports Through 7 Feb *[AGENCIA ESTADO, etc.]* ..... 49
Roundup of Brazilian Economic Reports Through 9 Feb *[GAZETA MERCANTIL, etc.]* ..... 51

## Colombia

Colombia's Botero on New Accusation Against Samper *[Madrid EFE]* ..... 52
Colombian Electoral Council: Candidates Violated Limits *[Santa Fe de Bogota TV]* ..... 53
Colombian Justice Minister: Government Backs Prosecutor *[Santa Fe de Bogota Radio]* ..... 53
Colombian Prosecutor To Accuse Samper of 5 Crimes *[Santa Fe de Bogota Radio]* ..... 54
Colombian Prosecutor To Present Complaint Next Week *[Santa Fe de Bogota TV]* ..... 54
Colombia's Samper Address on Fight Against Drugs *[Santa Fe de Bogota Radio]* ..... 54
Colombia's Samper Defends Due Process in Case *[Santa Fe de Bogota TV]* ..... 58
Colombian Air Force Officers Withdraw Support for Samper *[Santa Fe de Bogota Radio]* ..... 58
Catholic Church Urges Colombia's Samper To Resign *[Santa Fe de Bogota TV]* ..... 58
Situation of Colombia's Serpa 'Worsened' *[Santa Fe de Bogota TV]* ..... 59
Colombia's Electoral Council Queries Campaign Leaders *[Madrid EFE]* ..... 59
Colombian Students Interview Prosecutor on Case 8000 *[EL ESPECTADOR 11 Feb]* ..... 60
Colombia's Medina Protests Publication of Testimony *[EL TIEMPO 8 Feb]* ..... 60
Colombia: Factors Affecting Ongoing Crisis Examined *[SEMANA 6 Feb]* ..... 61
Colombian Authorities Arrest U.S. Drug Trafficker *[Madrid EFE]* ..... 63
Colombian Police: ELN Targetted Ministries, U.S. Embassy *[Madrid EFE]* ..... 63
Colombian General: FARC 'Most Powerful Cartel' in Region *[Santa Fe de Bogota Radio]* ..... 64
Colombian Business Leaders Meet Samper, View Investment *[Santa Fe de Bogota Radio]* ..... 64
Colombia To Give Loans To Help Eradicate Illegal Crops *[Madrid EFE]* ..... 64

## Ecuador

Ecuador Reiterates Duty To Consolidate Peace With Peru *[Madrid EFE]* ..... 65
Guarantor Envoys Optimistic Over Peru-Ecuador Talks *[Madrid EFE]* ..... 66
Peru-Ecuadoran Meeting 'Beginning' of Peace Process *[Madrid EFE]* ..... 66
Generals of Ecuador, Peru Hold Meeting *[Madrid EFE]* ..... 67
Ecuadoran Official Evaluates Military Meeting With Peru *[Quito Radio]* ..... 67
Ecuador: Armijos Discusses State of Financial Sector *[HOY 31 Dec]* ..... 68

## Paraguay

Correction: Paraguayan President on Price Hikes *[NOTICIAS 7 Feb]* ..... 71

## Peru

Guarantor Countries To Verify Peru-Ecuador Meeting *[Madrid EFE]* ..... 72
Peruvian General: Arms Race 'Illogical' *[Madrid EFE]* ..... 73

## Uruguay

Uruguay's Broad Front Leader Resigns Over Internal Rift *[NOTICIAS ARGENTINAS]* ..... 73
Uruguayan Editorial Criticizes Samper's Plebiscite Plan *[EL OBSERVADOR 4 Feb]* ..... 74

## Cuba

### EU Vice President on Possible Agreement With Cuba

*BR1202150796 Madrid EFE in Spanish 2339 GMT 11 Feb 96*

[Unattributed report: "Likely Delay in Cooperation Agreement With Cuba"]

[FBIS Translated Text] Havana, 11 Feb (EFE) — European Commission Vice President Manuel Marin said today that the EU "will continue its negotiating effort" for the possible signing of a cooperation agreement with Cuba, but he warned that the most difficult thing to broach with the Cuban authorities is "the political factor."

Marin, who is also responsible for relations with Latin America, arrived in Havana last Friday with the aim of "sounding out" the developments in the country and beginning a dialogue before undertaking the drafting of a plan for negotiation with Cuba, the only Latin American country that has no institutional link with the EU.

In brief statements to the press at Havana Airport, Marin said that he had held a working session of around 10 hours with Cuban President Fidel Castro, in which they discussed the possible agreement's "limits, scope, and contents."

The European Commission vice president's visit here is the outcome of the mandate for negotiation with Cuba which "the Fifteen" gave the EU's executive body last December during the summit held in Madrid which wound up the Spanish presidency.

"We believe that it was best to come here before conducting a delicate laboratory operation in Brussels," said the senior European official, who in addition to Fidel Castro also met with ministers of the economic area, Cardinal Jaime Ortega, and dissident leaders grouped in the Cuban Council organization.

Marin announced that within a month a Cuban delegation will go to Brussels to continue the negotiations, "but, whatever the talks' outcome," he said, "it is obvious that we will have to opt for an orderly and structured change in our relations with Cuba which will have repercussions both domestically and internationally."

He said that he talked with the Cuban authorities about increasing the scope for private enterprise on the island, public freedoms, and relations with the United States. "I have an overall view," he added, "and I am not saying that there will be short-term results; the effort must be continued."

"The most difficult thing is the political factor," said Marin, who then stated that Cuba's situation "cannot be resolved from the EU, although the agreement could help."

Other sources close to the delegation told EFE that the drafting of the plan for negotiation which Manuel Marin was planning to present in May will probably suffer a delay because it is difficult for the Cuban authorities to understand that this kind of agreement is made on "a contractual basis" — that is, with concessions on both sides.

They also announced that next month the European Commission will present to the Cuban delegation a draft plan and expressed their hope that "that meeting will be more positive."

Other diplomatic sources stated that Fidel Castro asked for more time and showed himself "very frank and very firm" during the lengthy working meeting held yesterday, Saturday, with Manuel Marin.

Although, in principle, the EU is setting no conditions for starting a negotiating process, both the European Parliament and some member countries require of the Cuban Government an intensification of the economic reforms and some gesture foreshadowing a political liberalization — for instance, the reform of the penal code.

### Vice President of European Union Ends Visit to Cuba

*PA1302002696 Havana Radio Havana Cuba in Spanish 1300 GMT 12 Feb 96*

[From the "Morning Information Review" newscast]

[FBIS Translated Text] The vice president of the European Union, Spaniard Manuel Marin, has ended a three-day visit to Cuba following a 10-hour meeting with Cuban President Fidel Castro. During the meeting, Cuba's economic and political situation and prospects for a trade cooperation agreement between Cuba and the European Union were discussed.

In a statement to the local media shortly before his return trip to Brussels, Marin has said the bilateral talks for the signing of a trade agreement will continue in 1996 to sign the text of the agreement this year.

The European official has said the talks would renew within a month in Brussels, where the Cuban delegation will announce its proposal. Marin has stressed the positive disposition of the Cuban officials with a view to reaching an agreement on the treaty.

During his stay in Cuba, the vice president also has met with other Cuban officials and representatives.

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### Cuba's Varadero Undergoes Tourist Development Program

*PA1202143296 Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 12 Feb 96*

[FBIS Translated Text] The tourism development program for Varadero includes the building of at least 1,700 new hotel rooms. In 1995, only 270 rooms were either built or renovated. This figure clearly demonstrates an inefficient investing process. There are currently more than 10,000 workers from different corporations at the Blue Beach.

Engineer Miguel Consuegra, who is an expert from the investing group Tourism, told this newscast that the recovery needed to face investments in 1996 for approximately 130 million pesos began the last trimester of 1995. This means that the deficiencies still present in the fundamental group conformed by investors, constructors, and developers should be eliminated in order to reach this goal.

[Begin Consuegra recording] All the group of investors should join forces, ensure the supplies, and insurance required for the projects. Of course, all workers should take the necessary measures, such as, increase productivity, effectiveness and labor as they did during the past quarter. [end recording]

In general, the workers in Varadero complain about the bad quality of projects that lack precision and a conciliatory framework among the different experts.

[Begin Consuegra recording] We believe that some measures have been taken. There are several workshops and project representatives in Varadero. I think the projects are improving. Nevertheless, we should say that we need to continue with small-scale, cheap projects, which are of fast construction. Bearing in mind that we also have complex projects that are difficult to execute. [end recording]

To finish building or renovating more than 2,500 hotel rooms, start building 12 new hotels, renovate 13 other hotels, and build important infrastructures, such as the golf course and the expansion of the southern highway, are projects that challenge the ability to respond of all people involved in the investing process in the most important Cuban tourist center.

The adoption of organizational measures and choices on some projects, still under study, will help stop the country's economy from wasting its foreign currency now that the country needs it the most.

### Cuba's Libre-Trip Hotel Renovation Completion by Dec

*PA1302042496 Havana Radio Rebelde Network in Spanish 1800 GMT 9 Feb 96*

[From the "National Radio News" newscast]

[FBIS Translated Text] Intense debates on the importance of increasing hard currency revenues and on strict supervision of the final stages of construction projects at the Havana Libre Hotel were among the issues broached during the discussion of the thesis of the 17th Congress of the Cuban Workers Federation [CTC].

At the meeting, held at the Havana Libre Hotel, which the Spanish Trip Hotel Company manages, Ricardo Alarcon de Quesada, president of the National Assembly of the People's Government, has said the deficiencies encountered upon the completion of tourist projects can be tolerated no longer. Alarcon also has congratulated the workers for the concern about deficiencies encountered in certain aspects of the project.

The renovation of the Havana Libre-Trip Hotel should be completed by December. The hotel began 1996 with a 3 percent overage in sales, but the contracted figure of collecting over $9 million this year was challenged by the hotel workers, who have pledged to surpass that figure by $11 million.

### Cuba Conducts Ceremony To Mark Discharge of Soldiers

*PA1302032696 Havana Radio Rebelde Network in Spanish 1800 GMT 9 Feb 96*

[From the "National Radio News" newscast]

[FBIS Translated Text] Division General Ulises Rosales del Toro, first vice minister of the Revolutionary Armed Forces [FAR] Ministry, today presided over the FAR central ceremony held in the community of Sierra Maestra, Boyeros Municipality, to mark the discharge of sergeants and soldiers who have concluded their active military service and to welcome the new soldiers of the so-called 101st anniversary of the War of Independence.

It was announced during the ceremony that over 5,000 young soldiers every year take advantage of the benefits provided by Order 18 of the FAR Ministry, which allows them to go to college. There are 9,000 professionals who were graduated from this program in Cuba.

A delegation of demobilized soldiers received the Union of Young Communists Award and the FAR Distinguished Services Award. In addition, several soldiers were promoted to the next higher rank.

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**Commentary Views Status of Cuban Sugarcane Harvest**

*PA1302015696 Havana Radio Rebelde Network in Spanish 1255 GMT 12 Feb 96*

[TRABAJADORES editorial read by announcer from the "Doing Radio" newscast: "Making This Sugar Harvest a Success and Securing the Next One"]

[FBIS Translated Text] The initiative presented at the provincial conferences of the CTC [Confederation of Cuban Workers] in Cienfuegos and Matanzas to start a movement to support manual cutters without having to mobilize additional manpower was immediately backed. At the same time, it was soon enhanced by a better understanding of the sugar agro-industrial problem.

The campaign for 50 arrobas daily can undoubtedly be supported massively by the 50,000 workers of the sugar UBPC [Basic Cooperative Production Units] who do not participate directly in the harvest or plowing of land; this support would certainly reinforce efforts to achieve a high production during the peak period of the harvest. It is also true that the sugarcane harvest has two main fronts: One, the harvest and sugar production and two, the preparation for the next harvest, which includes the plowing of land, planting, sowing, weeding, fertilization, and other tasks.

It is particularly important to conduct simultaneous efforts and to give the same importance to both fronts. The risk of a movement centered exclusively on cutting activities lies in the fact that the attention from the workers as well as union and administrative leaders could be polarized toward one of the fronts. This, in Cuban language, could be described as undressing one saint to dress another.

What is the current status? The sugarcane harvest has largely met initial expectations, particularly concerning industrial performance, [word indistinct], and reduction of extraneous material. The grinding and amount of sugarcane sent to the sugar mills have not yielded the high and stable levels that are necessary during the current phase. This reality has prompted the movement of 50 arrobas per day, taking into account that the number of mobilized cutters cannot be increased due to the lack of houses and [word indistinct] to relocate thousands of Cuban workers in rural areas.

The other front, with a view to guaranteeing the success of the next harvest, has its own problems. Although the activities in general are going well, the goals for January were not met. Preparation of the land for spring activities is lagging behind. The intolerable presence of weeds that must be totally eliminated is noticeable.

Perhaps what we have just mentioned can better explain why it was necessary to enrich the aforementioned initiative without discarding it. The truth is that 100,000 UBTC workers directly involved in the harvest and preparation of land are totally dedicated to their jobs, working overtime and seven days a week. At the same time, however, there are another 50,000 UBTC sugar cutters who do not have the opportunity to reply to the patriotic call with the same fervor as their comrades. Hence, the right thing to do is to talk about a movement to make this harvest a success and to secure the next one. This should include, wherever necessary, the voluntary contributions of 50 arrobas per day; nonetheless, it should also channel additional efforts from workers toward agricultural chores that cannot be postponed. When we say wherever necessary, we mean that productivity of the sugar combine operators and cutters could be increased in many places during these decisive 80 days of the harvest.

From here on, generally speaking, fields will be cut more productively, cutting experience and ability will be consolidated against the most rigorous demands of this harvest, and work hours will be extended to meet the goals established for this task. We must channel all willingness in this direction, where what is required is the strengthening of a commitment to agriculture. Special attention must be paid to equipment drivers, workshops, and everything linked to the preparation of the land, tasks which could easily turn into a bottleneck despite efforts by workers normally involved in these activities.

This is all about urging a CDP [expansion unknown], a member of the administration council, a cook to establish a commitment and to support the fundamental and urgent tasks of their respective UBTC without having them forsake their everyday responsibilities.

The CTC, the sugar union, and the Minaz [Ministry of Sugar Industry] must jointly search for organizational formulas that will lead to a movement that will ensure a successful harvest and at the same time guarantee next year's harvest without neglecting those workers not directly linked to the sugar manufacturing process but who live and work near the mills nonetheless. In addition, support for this patriotic endeavor may even be found among the ranks of co-op farmers and self-employed workers.

In settlements near sugar mills, nearby communities, and areas near the sugar regions there are many individuals who would be more than eager to join this movement and to contribute their effort to the common task; therefore, let this union initiative move forward and invite other organizations to join this harvest.

This sugar harvest, land, and nation belong to all of us.

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**Roundup of Cuban Economic Developments Through 13 Feb**

*PA1202145896*

[FBIS Report] The following is a compilation of reports on economic developments in Cuba monitored through 13 February.

The Havana mobilized workers have collected more than 400,000 bundles (cujes) of tobacco in San Antonio de los Banos. The labor force is made up of 1,500 workers grouped in the Lazaro Pena contingent. (Havana Radio Rebelde Network in Spanish 1255 GMT 10 Feb 96)

The National Light Industry Workers Union on 1 March will mark its 25th anniversary. The celebration will be held in Las Tunas Province, because this province stood out in the sector last year. Manuel Rios Medina, National Light Industry Workers Union secretary general, said that Las Tunas province has had good production results, and its four light industry enterprises are profitable. They all are complying with their production plans. This province has the fewest number of idle workers. (Havana Radio Rebelde Network in Spanish 1800 GMT 10 Feb 96)

Breaking the tobacco production record of 150,000 quintals is the goal of Sancti Spiritus Province tobacco workers. Sancti Spiritus peasants have so far harvested more than 400,000 bundles (cujes) of tobacco, 60,000 more bundles than last year. This province is the country's second most productive tobacco producer. Approximately 40 agricultural production cooperatives (CPA's) are devoted to this crop. To have an idea of how devoted tobacco workers are, the Juan Gonzalez, Nueva Cuba, 10 October, and 13 March CPA's together must collect more than 25,000 net quintals, which is the production goal for all of Ciego de Avila Province. (Havana Cubavision Network in Spanish 0100 GMT 11 Feb 96)

The famous Cuban beach resort of Varadero received more than 350,000 foreign tourists in January 1996. It is a record figure since the tourism industry started to be emphasized in the country. Carmen Trujillo, representative of the Cuban Tourism Ministry in Varadero, told the weekly, JUVENTUD REBELDE, that this is a 26-percent increase over the same period last year. Varadero currently has 7,000 rooms in 32 hotels. (Havana Radio Havana Cuba in Spanish 0000 GMT 12 Feb 96)

## Haiti

**Haiti's Bazin Congratulates Preval on Inaugural Speech**

*PA1202144096 Port-au-Prince Radio Metropole in French 1700 GMT 9 Feb 96*

[From "The Midday Newscast"]

[FBIS Translated Text] President Rene Preval's message to the nation has given rise to comments from various sectors and, this time, from the political class. We have the opinion of Marc Bazin, the leader of the Movement for the Establishment of Democracy in Haiti [MIDH]. The MIDH leader congratulates President Rene Preval for this message to the nation as his intentions are excellent, according to MIDH. Nevertheless, he is wondering how Mr. Preval will successfully carry out his objectives.

[Begin Bazin recording] First, I hail the event itself. I said before your microphone on 17 December that those elections establish the principle of succession. Yesterday, 7 February, we recorded the reality of succession. You know that in a country like ours things do not always work automatically, there is no link between principle and reality. I think that in this case, we must be happy that things happened normally.

I congratulate the president for his speech. It is a serious, adult, thoughtful, well-worded speech. Actually, the intentions are excellent. I believe that one cannot disapprove of what he said about the authority of the state, about the necessity to boost production, about security, and about the role of the opposition. I believe that all of Mr. Preval's remarks are in keeping with the aspirations of the country at this stage.

Obviously, the question is how he will do. I mean it is good to announce [words indistinct] but he must get down to business, and, on that score, I am a bit disappointed that the prime minister has not been named yet. After all, Mr. Preval has known for a month that he is president of the Republic. I do not think it is normal that the matter of the prime minister, which is the most important decision he will make during his five-year term, has not yet been settled. Anyway, names are being cited here and there.

I believe that the one thing one might perhaps suggest — if one can allow oneself to make suggestions — is that the president of the Republic should choose in a sovereign manner the person who, in his opinion, can best represent his policy. I believe that nothing would be worse than to find ourselves in another situation in which a president of the Republic threatens

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to put his prime minister in jail because of an alleged disagreement.

I believe that we must avoid that and get off to a good start with a choice that faithfully reflects the political opinions of the president of the Republic. [end recording]

**Haitian Sectors React to Preval's Inaugural Speech**

*PA1002034396 Port-au-Prince Radio Metropole in French 1700 GMT 9 Feb 96*

[From "The Midday Newscast"; passages within slantlines in Creole]

[FBIS Translated Excerpt] After his address to the nation, in which President Preval called for wisdom, strength, and moderation from the Haitian people, various sectors gave their views of his speech. Jean-Max Blanc gathered reactions from the employers' sector and other sectors.

[Begin recording] [Blanc] /On his inaugural day in power on 7 February, new Haitian President Rene Preval scored big points with his speech. Some people did not listen to this speech, because they say they have lost interest in political speeches these days. There are others to whom the Electric Company of Haiti did not give this privilege, as they did not have power. However, the sector interested in the country's economic future listened to the speech and gave its views the next day./

[First unidentified speaker, in progress] ...very, very, very, very positive, very positive. [words indistinct] now, one must really get down to work. That is all I can say, because, if one does not cooperate, it is really dishonesty.

[Second unidentified speaker] I think the speech is reassuring. It is not... [pauses] well, he spoke of security for the private sector, for business. Yes, we believe it is reassuring, it is not like previous speeches.

[Third unidentified speaker] Even before the speech, we knew what he was going to talk about. In the meantime, [words indistinct] the contacts he had with the private sector, this just confirmed what we thought.

[Blanc] /Many simple citizens, passers-by we asked about Preval's speech think it is a positive speech. Most of those people add that they are waiting to see President Rene Preval at work. [passage omitted]/ [end recording]

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**Mexican Government Rejects Human Rights Watch's Remarks**

*PA1202210396 Mexico City NOTIMEX in Spanish 0520 GMT 9 Feb 96*

[FBIS Translated Text] Mexico City, 8 Feb (NOTIMEX) — The Mexican Government today rejected Human Rights Watch's remarks saying the human rights of reported Zapatist Army of National Liberation [EZLN] members have been violated.

In a communique, the Mexican Foreign Secretariat said the organization's conclusions are based on the misuse of information, which destroys the objectivity of the analyses made by those who defend human rights in the world.

The Secretariat said that President Ernesto Zedillo has fully endorsed the National Commission for Human Rights [CNDH] and upheld the principles of legality, political plurality, and defense of personal rights.

The Secretariat pointed out that, since the beginning of the Chiapas conflict two years ago, "the actions of the agencies in charge of the administration of justice have met the society's demands for attention and respect for human rights."

The Secretariat further said that the Attorney General's Office [PGR] has accepted all recommendations made by the national human rights ombudsman to initiate all preliminary inquests and carry out the corresponding administrative procedures.

According to the communique, on discussing in a document disseminated today the Mexican Government's actions against several EZLN members, Human Rights Watch failed to mention International Red Cross visits to places occupied by the EZLN.

In addition, the PGR established communication with the CNDH of Altos de Chiapas and Chiapas Jungle in the country's southeastern region to attend to reported human rights violations in the state and kept in touch with nongovernmental organizations.

Regarding torture charges in Yanga, Veracruz state, the Foreign Secretariat said that the CNDH released Recommendation 50/95, which the PGR fulfilled fully.

The communique added that according to information supplied to the International Human Rights Commission, a full and impartial investigation has been carried out to determine whether or not the reported incidents are true so that measures can be taken to correct them.

The document further said that the PGR in the state of Veracruz pointed out that there is no reason to make public employees responsible for administrative offenses because they did not incur in illegal activities.

The Secretariat said the Mexican Government is convinced that the universal awareness of human rights can be strengthened through international cooperation only.

The Secretariat also said that respect for the human rights is the responsibility, not only of the government, its agents, and officials, but of all members of society, including those who, like the EZLN members, disagree with a specific situation.

Finally, the document said: "Those who have sought to express their disagreement through arms and violence violate constitutional order and, consequently, the human rights of the rest of the Mexican people, who are the majority and aspire to live in peace and order."

**Mexico Continues To Block Pemex Wells in Tabasco**

*PA1002131496 Mexico City XEW Television Network in Spanish 0400 GMT 9 Feb 96*

[Report by Juan M. Ramirez and Juan Jose Prado from the "24 Hours" newscast — passages within quotation marks recorded]

[FBIS Translated Text] [Ramirez] The blocking of 60 oil wells, offices, and pumping plants of parastatal enterprise Pemex [Mexican Petroleum] continues in Tabasco State. PRD [Party of the Democratic Revolution] supporters in that enterprise have been carrying out this action for 11 days. On Thursday, the BOM, [Joint Operations Base, Base de Operaciones Mixta], comprising Army, Navy, Federal Judicial Police, Federal Highway Police, and the state's Public Security Directorate personnel, carried out a new operation to clear the installations. In this operation, the fifth in less than a week, PGR [Office of the Attorney General of the Republic] and Federal Highway Police personnel cleared the road to the El Castano installations, where the Municipal Presidency in Cardenas controlled by the PRD set up its headquarters four days ago. PRD militants were arrested at that site, as Mr. Jorge Perez Nieto Fernandez, inspector of the state's Human Rights Commission, stated.

[Perez] "Only to remove the persons who were there blocking the installation. That is all. All I saw was the arrest of the men. As for the women, they are going by their own free will."

[Ramirez] Following this operation, those arrested were taken to the PGR state office. The 35 persons arrested in today's operation, plus the seven persons arrested yesterday in Huatacalca, raise the total to 42. Among

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those arrested is Rafael Lopez Cruz, chairman of the PRD's state directors committee. The offenses for which he is being charged are sabotage and blocking work and those may stem from these actions, the PGR stated in Villahermosa. In the afternoon, Pemex Corporation Management Director Humberto Lina Mora hosted a news conference with local and foreign reporters. He outlined the Pemex stance with regard to what is happening. PRD deputies forced their way into the Pemex press room. There was pushing and shoving, and some blows were struck.

[Station announcer Amador Narcia] Those same PRD leaders and members arrived in Tabasco.

[Ramirez] Members of the PRD National Executive Committee were in Villahermosa on Thursday. PRD President Porfirio Munoz Ledo said they were in the state to support their fellow party members and to protest Wednesday's eviction from the Sen well in Nacajuca. Munoz Ledo said that, at the proposal of other political parties, a meeting will be held on Friday at the Government Secretariat in Mexico City to analyze the situation in Tabasco.

[Munoz] "At 1300, the government agreed to call a meeting at the negotiating table to discuss the situation in Tabasco. At the same time, however, it is beating and attacking the people."

[Ramirez] He affirmed that the PRD members do not carry weapons, not even sticks, in their sit-down strikes and blockades.

[Munoz] "Our side does not have a single weapon or stick. This is merely a civilized protest by the people. The aggression comes from the other side."

[Ramirez] To conclude, the PRD leader said there was no warrant for the arrest of any of those detained and formally accused the state of allegedly violating Articles 14 and 16 of the Constitution. In addition, former PRD presidential candidate Cuauhtemoc Cardenas stated that Pemex's lack of responsibility will worsen the conflict and demanded the release of those under arrest.

[Cardenas] "I hope the government will act wisely and release the persons arbitrarily arrested and that it will address the issue, that is, get to know what are the legitimate demands that the affected peasants are making and seek to address the problem. By simply addressing the problem, the tense situation will be eased."

[Ramirez] Other party leaders who were in Villahermosa were Federal Deputy for Tabasco Octavio Romero Oropeza, Secretary General Mario Saucedo, and PRD Political Relations Secretary Amalia Garcia, and others.

[Prado] They voiced their solidarity with Senator for Tabasco Auldarico Hernandez Geronimo, who is facing proceedings to remove his immunity, because he was charged with heading the barricades at the oil wells. PRD senator coordinator Hector Sanchez said:

[Sanchez] "If the person talking of consensus uses repression against legislators, we say that if our party decides to pull out of the dialogue, we as lawmakers and senators will abide by the decision."

[Prado] Senator Sanchez said that the PRD is concerned by the tone of the remarks by Deputy Government Secretary Arturo Nunez.

[Sanchez] "We do not know if his remarks are just aimed at Tabasco or the EZLN [Zapatist National Liberation Army] too. It goes against all of the country's organizations."

[Prado] The PRD senator also talked about the police participation in the eviction of the demonstrators from the oil wells.

[Sanchez] "We believe that the demand by the U.S. Government was stronger than the commitment by the Mexican Government, as it sees the danger that this poses to oil. All of us know the funds from the oil sales stay in the United States to guarantee that the foreign debt is serviced and paid."

[Prado] The PRD senator coordinator recapped the demands they will make.

1. A plural commission must be set up to go to Tabasco and learn if Pemex has abided by the commitments it has contracted with the people.

2. Pemex will be asked to make an audit to determine how the funds earmarked for an ecological plan in Tabasco were spent.

3. Senate Grand Committee Chairman Fernando Ortiz Arana will be asked to defend PRD Senator Auldarico Hernandez Geronimo before the Chamber of Deputies.

**Mexico Issues Communique on Pemex Protests in Tabasco**

*PA1002194596 Mexico City XEW Television Network in Spanish 0400 GMT 10 Feb 96*

[From the "24 Hours" newscast]

[FBIS Translated Text] The Office of the Attorney General of the Republic [PGR] has issued a communique in which it stated that its involvement in the eviction of the people who are illegally blocking the roads leading to Mexican Petroleum [Pemex] installations in Tabasco State is based on complaints by Pemex. The complaints,

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it added, are based on the following offenses: Resisting the implementation of any public project or work; damaging the property of others; sabotaging consumption and the wealth of the nation; and conspiracy.

The PGR affirmed it cannot stand idle in the face of the flagrant actions by the persons under arrest, although they are conducting a so-called civil defense action. Those engaging in it must be aware they are transgressing the law, and, therefore, are subject to the sanctions imposed by the law, which could mean up to a 20-year prison sentence.

**Mexico's Pemex: Blockade Costs $730,000 Daily**

*PA1002205096 Mexico City NOTIMEX in Spanish 0501 GMT 10 Feb 96*

[FBIS Translated Text] Mexico City, 9 Feb (NOTIMEX) — The state-owned enterprise Mexican Petroleum [Pemex] is losing $730,000 per day because members of the Party of the Democratic Revolution (PRD) are blocking access to its facilities in the southeastern State of Tabasco, the company reported today.

Pemex director general Adrian Lajous stated that the protesters' blocking of Pemex facilities, demanding compensation for alleged damage to land and water where there are Pemex installations, has caused $8.03 million in losses since 29 January.

Pemex "will not pay one penny more to the people who make up the industry of claims," the official warned, adding that the blockade has increasingly affected Pemex operations in Tabasco and greatly increased the risks of that industry.

Lajous remarked that initially access to oilfields in which drilling equipment operated was blocked, and in many of these fields there are also wells in operation. He stated the interruption of operations in these facilities entails additional risk.

The official noted that a few days ago a group of PRD members went beyond just blocking the entrance and entered the "Sen" field to take over the wells and equipment in specific installations, as well as to threaten workers.

The blockade of crude oil pumping facilities, natural gas compression equipment, and power-generating facilities in El Castano, near the city of Cardenas (Tabasco), is a cause for concern, he added.

Lajous explained that this is complex and large equipment that requires continued supervision and attention from specialized personnel.

He disclosed that yesterday protesters blocked for a few hours access to the petroleum product facility in Iguala, in the southern State of Guerrero, and they blocked for one hour this Friday the LP gas facility in San Juan Exhuatepec, in the northern part of Mexico City.

Lajous indicated that the demands made by PRD members "are not new" and recalled a blockade of Pemex installations that began on 8 November 1993 and ended on 5 July 1995.

"Those demands were very similar to the ones being made now, with the only difference that now the residents of Nacajuca Municipality (Tabasco) prevented field inspections," he said.

The official stressed that "as of today 59 facilities are blocked, and the simple passage of time increases the risks for the civilian population, their properties, and the environment."

The director general of Pemex underscored that as a result of the blockade, 28,000 daily barrels of crude oil and 50 million cubic feet of gas per day are no longer being produced.

He explained that daily losses total $75,000 with regard to prospecting and drilling equipment, $7,000 for equipment awaiting repair, and $420,000 per day in the 28,000-barrels-per-day reduction of production.

The official said that the demands PRD members in Tabasco are making to Pemex are generic and many, adding that many of the demands fall outside of Pemex's authority, while most of them are inappropriate.

He denied that Pemex has illegally occupied land belonging to the ejido and small landowners in Tabasco and stressed that the company follows legal procedures to obtain the authorization of land holders, communal land holdings, or landowners for occupying the necessary area.

Lajous commented that in order to meet ecological demands in Tabasco Pemex has tasked the Mexican Petroleum Institute (IMP) with designing an ambitious research program — which will be applied this month — to resolve these problems.

The Pemex director general denied that the blockade and the reduction in production will adversely affect national and international commitments of Pemex in the market.

Pemex will file suit against those who may be responsible for the aftermath from the blockade, the official concluded.

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**Mexican Government Personnel Clear Pemex Installations**

*PA1202153596 Mexico City NOTIMEX in Spanish 2308 GMT 10 Feb 96*

[FBIS Translated Excerpt] Cardenas, Mexico, 10 Feb (NOTIMEX) — Approximately 300 Public Security members carried out two simultaneous operations today, to peacefully clear Mexican Petroleum (Pemex) installations. During those actions 19 people were arrested.

Onesimo Fernandez Campos, the Attorney General's Office representative in the southern state of Tabasco, reported that the operations were furthered in Cardenas and Huimanguillo Municipalities and the objective was to clear the areas and allow supplies and equipment for the extraction of crude oil to enter the sites.

The official explained that the first operation took place at the Jujo Nueve site in Huimanguillo, approximately 75 km from Tabasco's capital city, and no arrests were made.

He said the oil well was being blocked by approximately 10 people, headed by Juan Almeida Hernandez, the local Party of the Democratic Revolution (PRD) deputy, but that they had not resisted the entry of police personnel and Pemex supplies to the area.

Vidal Mendez [not further identified] reported that the second operation had been carried out at the installations in El Castano, Cardenas municipality, where 19 people were arrested, including the municipal secretary, Tomas Brito Lara.

He observed that this is the second time an operation was carried out in the El Castano oil well and added that already 80 people have been arrested for blocking the entry to the oil site. [passage omitted ]

Meanwhile, in the central state of Puebla, State Judicial Police [PJE] and Pemex security members reinforced their presence at the San Martin Texmelucan petrochemical plant this Saturday, after PRD members staged a sit-down in front of the installations.

Arturo Tagle, deputy manager of the "Independence" petrochemical plant in San Martin Texmelucan, reported that approximately 100 PRD members staged a sit-down in front of the government installations and that is why it was necessary to double the security in the area.

He said no incidents with the PRD members, who are staging the sit-down in solidarity with the Tabasco protesters, have occurred up to now.

Tagle added that former Pemex employees in the region are participating in the protest because they reject the privatization of the petrochemical firms.

He said PJE and Pemex security personnel will continue to guard the installations for the next 24 hours to stop any action by the demonstrators and to preserve the peace.

**Mexico's Pemex Charges Protestors Close Oil Valves**

*PA1102221796 Mexico City NOTIMEX in Spanish 0414 GMT 11 Feb 96*

[FBIS Translated Text] Mexico, 10 Feb (NOTIMEX) — Mexican Petroleum (Pemex) reported today that their technicians had to use a helicopter to enter one of the oil wells, which was blocked by opposition protesters, to open valves that were inadequately closed to avoid an accident.

Pemex stated in a communique that the "mechanisms of the system allowed us to identify the sabotage" when protesters closed two main valves and two lateral ones at a well in the Caparroso community, Centla municipality, in the eastern state of Tabasco yesterday evening.

The closing of the valves increases the pressure of the gas and the oil and expands the temperature to 100 degrees centigrade "which, evidently, can trigger very serious accidents," the communique noted.

Dozens of members of the opposition Party of the Democratic Revolution [PRD] have been arrested for blocking oil wells in Tabasco since 29 January. The protesters demand that Pemex compensate them for the alleged damages caused by the firm in the area.

Pemex reported that prior to entering the site by helicopter to open the valves, their technicians had tried to do so by land but PRD members did not allow them to enter the installations.

Pemex observed that the closing of the valves is the second such incident to occur since 31 January.

The 192-P Caparroso well produces 1,150 barrels of oil and 2.3 millions of cubic feet of gas per day.

"We have presented a second [legal] demand today, against the repetition of those sabotage actions," Pemex asserted.

**Mexico's Zedillo, Governors To Speed Decentralization**

*PA1102014396 Mexico City LA JORNADA in Spanish 6 Feb 96 pp 1, 6*

[Report by Rosa Elvira Vargas, Ismael Romero, and Alberto Espinosa]

[FBIS Translated Text] President Ernesto Zedillo and the country's governors have agreed to accelerate the

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process of decentralizing state governments from the federal administration. They also agreed on the adoption of measures to decentralize the Administrative Committee of the Federal Program for the Construction of Schools [Comite Administrador de Programa Federal de Construccion de Escuelas—Capfce], the creation of a permanent commission to supervise fiscal allocations, and the appointment—as soon as possible, probably in March—of the National Council for Public Security.

At the meeting, which lasted for more than six hours behind closed doors, President Ernesto Zedillo said that a responsible fiscal and financial policy will be maintained throughout his six-year administration, in other words: "We will not make the same mistakes."

Zedillo said he is certain that a more efficient and effective implementation of state programs will be achieved by strengthening federalism and decentralizing local governments, as the governors are closer to the people.

Reporting on the topics of this lengthy meeting, PRI [Institutional Revolutionary Party] Governors Jesus Murillo Karam from Hidalgo, Patricio Chirino Escalero from Veracruz, as well as PAN [National Action Party] Governor Hector Teran Teran from Baja California said they were prepared to take up the challenge of decentralization; moreover, they added that some of them had even established government mechanisms in their states for this purpose.

Deputy Government Secretary Natividad Gonzalez Paras summarized the issues tackled and speeches of the participants. He noted the meeting centered on three main issues: The decentralization of public administration, fiscal and financial relations, and public security.

Various governors commented at the end of the meeting that there were no divergences in attitudes or confrontations between the governors and federal officers. Nevertheless, there were many proposals on fiscal matters and on the need to allocate more financial resources in order to face priority projects and public debt. The governors, "making their debut," seemed the most worried about this situation.

Other proposals were, for example, to speed up the process of decentralizing the education sector. In response to this, the transfer of resources from Capfce to the states was fixed to begin as soon as possible. The Education Secretariat planned on finishing this process in three years.

Various governors said at informal talks that disagreements were aired over the manner the Social Development Secretariat (Sedeso) was transferring the so-called cluster 26 [ramo 26], which refers to social expenditure, directly to the municipalities. This situation takes the municipalities out of the states' programs and administration. According to his own understanding, Zedillo would have supported this motion, by saying that, in fact, federalization seeks the strengthening of the states.

Former Government Secretary Esteban Moctezuma arrived late at the meeting; Zedillo introduced him as his and Emilio Chuayffet's adviser on federalism. There was limited access to this meeting even for media heads and the official's private secretaries and aides.

Tabasco Governor Roberto Madrazo did not attend the meeting at the Hacienda Jurica. The official report says that, after the ceremony to commemorate the anniversary of the Constitution's promulgation, Madrazo left due to an acute case of peritonitis [agudo cuadro de peritonitis]. Otto Granados from Aguascalientes was not present. He is in Davos, Switzerland.

**Mexican Government, Parties Discuss Tabasco Situation**

*PA1102012096 Mexico City XEW Television Network in Spanish 0400 GMT 10 Feb 96*

[Report by Daniel Flores from the "24 Hours" newscast — passages within quotation marks recorded]

[FBIS Translated Text] Political parties PRI [Institutional Revolutionary Party], PAN [National Action Party], PRD [Party of the Democratic Revolution], and PT [Labor Party] and the government met on Friday at the table of negotiations of the political reform to analyze and find a solution to the situation in Tabasco State for over four hours during their first session, the parties representatives negotiated a possible solution to the problem. Afterward, they left to consult their political leadership on the proposals submitted at this table. Also during this meeting, PAN submitted the elections results of Hueco Chingo, in Puebla State, to be analyzed. The PT voiced its unhappiness over the elections results in Los Cabos Municipality, in Baja California Sur. The center of attention, however, was the blocking of the roads to the Tabasco oil wells. Jose Natividad Gonzalez, deputy secretary of political development of the Government Secretariat, said during this meeting the parties that the government:

[Gonzalez] "Was very categorical, meaning, that it expressed its commitment of the federal regime and government to respect strictly the rule of law." When the deputy secretary was asked if this statement about respect for the rule of law meant that the protesters should leave the oil wells in order for talks to begin, he merely stated that the government firmly adhered to its

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respect of the law. Jesus Martin del Campo of the PRD said his party proposed:

[Del Campo] "We are proposing that the arrest warrants be suspended and that the arrested persons should be released, because that is a way to ease the tension."

Jose Narro Cespedes of the PT said:

[Narro] "We feel that the ground work should be laid, as is happening, so we can begin to handle this problem within a framework of understanding and consensus-building that will make it possible to get to the root of the problem."

Juan Jose Rodriguez of the PAN proposed the resignation of Roberto Madrazo Pintado as Tabasco governor.

[Rodriguez] "The Supreme Court of Justice has to decide if he can be the subject of a penal investigation, either by federal or state officials. We feel that Tabasco deserves to have governor who has to be working on his legal defense, while handling government affairs. We would have to discuss a solution at length, which could either be that he resigns or takes a leave of absence."

PRI representative Juan Maldonado made no comments on the discussion. The situation in Tabasco will continue to be discussed in the table of negotiations of the political reform as a priority matter.

**Mexican Government Issues Communique on Tabasco**

*PA1102193096 Mexico City XEW Television Network in Spanish 0400 GMT 8 Feb 96*

[Communique on incidents in Tabasco State; read on 7 February by Deputy Government Secretary Arturo Nunez; place not given — recorded]

[FBIS Translated Text] It is a known fact that the Pemex [Mexican Petroleum] activities of exploration, drilling, and exploitation of hydrocarbons in Tabasco State can result, and in fact have resulted, in land expropriations from owners of potentially productive or already productive areas, and also cause the deterioration of the natural ecological balance in the region.

Therefore, Pemex has specifically established various procedures and mechanisms to receive and handle complaints from private citizens with regard to the expropriation of their properties or working land because of Pemex activities.

Notwithstanding the recognition of possible expropriations, the mechanisms to handle those expropriations, and Pemex investments in Tabasco's development, recent incidents show that, along with legitimate demands, there are people who are assuming an opportunistic attitude to claim rights that do not exist to seek compensation they are not entitled to.

Mexican society has seen how this tactic, comparable to blackmail and extortion, has been increasingly used. The first ones were the crafty pettifoggers who, through off-the-record pacts [pactos riberenos], sought clients based on false hopes in millionaire claims. Then came the unscrupulous agents, who tried to take advantage of established mechanisms to handle complaints in order to obtain easy profits. For several years now, there have been people who have spitefully created false expectations in order to take advantage of discontent to incite protests to support their personal political interests. This practice has become known as an industry of complaints.

Neither the Mexican state nor the law can be subject to extortion to gain points by those seeking partisan political benefits. We will negotiate nothing with them. They have already shown what they are really after. It is clear that we are not accusing any political party, but individuals within political parties who only want to use politics for their own benefit.

In this, the most innovative phase of the industry of complaints, the conduct of Manuel Lopez Obrador is particularly conspicuous. He encourages by voice and incitement and uses people allegedly affected by Pemex to stage demonstrations and blockades overriding institutional channels.

In order to put the Pemex conflict into the right perspective, we must note that throughout 1995 approximately 63,000 complaints were presented. All of them have been subject to a technical decision by competent authorities. When the decision makes Pemex responsible, the corresponding indemnification is paid. By the same token, when the decision overrules the complaint, Pemex makes no payments whatsoever.

Obviously, the actions related to those complaints affect the work that Pemex must carry out by law and in general have repercussions in the economic life of Tabasco and the rest of the country. Using the aforementioned complaints as a pretext, members of the contingents convoked by Manuel Manuel Lopez Obrador have committed various criminal actions. In due time and according to the law, Pemex has made the corresponding warnings in order to prevent, based on the law, calls to ban access to the installations, attack workers, and illegally withhold machinery and equipment to be used in the workplace.

Those actions are punished by law, and the blockades reflect a serious and irresponsible attitude as those are strategic installations for the country. They increase the

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risk of fire due to lack of timely maintenance; jeopardize the safety and even the lives of workers and inhabitants in nearby communities; and affect the production of crude oil linked to commitments for domestic supply and exports. In some cases, in order to prevent an unfortunate accident due to lack of maintenance, Pemex has had to secure the access of personnel and materials by helicopter. This procedure considerably increases the cost of its operations to the detriment of funds authorized in its annual budget by the Chamber of Deputies.

There are legal and institutional mechanisms to present and resolve grievances and complaints. Therefore, the blocking of oil installations is not only an attitude that challenges the legal order, but also an attitude of frank provocation that can lead to violence and political tension and disrupt the climate of social tranquillity necessary for the economic activities in Tabasco state. It is even an act of extortion against Pemex.

In reviewing a large number of cases, it has been determined that when applicable, complaints have resulted in timely indemnification. If no agreement is reached regarding a complaint, legal means should be used to reaffirm one's rights, and not by resorting to the right to protest as a means to disguise criminal actions.

The government of the republic has stressed the importance of preserving the state of law in the country. Complying with the law is how individuals or groups, in any field of activity, can act on a firm basis. The state of law is not subject to negotiation or to its capricious application. Mexicans know the high cost we must pay to reach a consensus on how the law must be applied.

In facing provocations and criminal actions, the government of the republic must enforce the law so that it will not be subordinated to individuals who first violate the law and then try to negotiate the law's implementation. To want to subject the law to political negotiation is to corrupt the law. There is and always will be room for dialogue and negotiations within the confines of law and order. Anyone who violates the law will face the consequences.

It is not justifiable to speak about an open or closed regime based on whether a regime is, or is not, acquiescent to those who violate the norms. The regime is open. There is no leniency for those individuals who, under a legal banner, feign to win their demands by illegal and violent methods.

**Mexico's Tabasco Governor Says State Not Ungovernable**

*PA0902182796 Mexico City XEW Television Network in Spanish 0400 GMT 8 Feb 96*

[From the "24 Hours" newscast]

[FBIS Translated Text] Tabasco State Governor Roberto Madrazo Pintado says that his state is not ungovernable. Regarding the incidents which occurred today in Nacajuca Municipality, Madrazo said:

[Begin recording] [Madrazo] It is very unfortunate. I believe that [words indistinct] within the law through which the different points of view regarding social issues can be discussed. I believe that the confrontation which has been provoked does not help find a solution to Tabasco State's social problems. [Unidentified reporter] Do you believe a state of ungovernability exists? [Madrazo] You can see for yourself that there is no state of ungovernability.

[Unidentified reporter] Finally, [words indistinct]

[Madrazo] Perhaps [words indistinct] [end recording]

**Report on Circulating Mexican Government Securities**

*PA1202162896 Mexico City EL FINANCIERO (ANALISIS Supplement) in Spanish 6 Jan 96 p 3A*

[FBIS Translated Text] Funds from the stabilization package have allowed the payment of short-term debt in foreign currency, since Tesobonos [Treasury Bonds] held to date by the public total $115.7 million. These will be paid off during the first half of February.

In fact, the exchange coverage securities held by some investors represent only 0.7 percent of the total securities in circulation, according to an area study by EL FINANCIERO's Economic Study, based on reports by the Finance and Public Credit Secretariat and the Bank of Mexico.

The above composition and the one existing when the financial crisis broke out differ. During that time, the Tesobonos — totaling $29.2061 billion — absorbed two-thirds of total domestic debt and most holders opted not to extend their maturity dates.

The structure of certificates currently held by individuals and institutions is more evenly distributed. There are more Treasury Certificates (Cetes), Adjustable Bonds (Ajustabonos), and Federal Government Development Bonds (Bondes).

Because of this, government liabilities are basically issued in pesos on the domestic market and have longer average maturities.

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As of last January, the securities in circulation stood at 128.247 billion pesos, which in real terms meant a 65-percent contraction with respect to the accrued ending balance for 1994. The almost total Tesobonos payoff was the cause for the reduction, as well as the stable real behavior of the peso debt issue.

The amount of certificates currently held by savers and investors is equal to 2.2 times the total amount of money in the economy. With the "December mistakes," it grew to 4.1 times the monetary mass.

Of the government certificates currently in most Mexican money market portfolios 37.5 percent are Cetes, 32.6 percent are Ajustabonos, 29.2 percent Bondes, and only 0.7 percent are Tesobonos. The distribution was different 13 months ago: 66.3 percent were commitments in Tesobonos — particularly with foreigners, who held two-thirds of the total — 17.6 percent Cetes, 12.6 Ajustabonos, and 3.5 percent Bondes.

One should recall that Tesobonos are discount papers with a nominal worth of 1000 pesos, whose payment is adjusted to the exchange rate. The maturity periods can be quarterly, every six months, and annual.

With two more amortizations of Tesobonos, the federal government will conclude a chapter on debt matters begun with the murder of Luis Donaldo Colosio, which sparked a capital flight out of the country and the resulting loss of international reserves.

Officials back then modified their liability-placing strategy and raised domestic interest rates with the purpose of holding onto the foreign resources required to keep the trading range exchange system unchanged and maintain an equilibrium in the balance of payments.

This is how peso-denominated securities — basically Cetes — were replaced on the money market by Tesobonos, which, as explained, have value and yield a dollar return.

Lacking a true source of financing, the public sector acquired significant short-term obligations denominated in foreign currency in order to obtain funds for productive investments.

The primary placement of Tesobonos doubled between just February and March 1994 but increased sixfold in May, June, and July. An average of more than $1.9 billion were sold off during those months. That year, $16.3622 billion were issued.

They also had attractive interest rate yields, rising from 5 percent to 7.5 percent, while a U.S. Treasury Bond yield did not exceed 4.15 percent. Toward the end of the year, the Tesobonos yield reached more than 8 percent.

**Mexican Electoral Officials Confirm PRI Victory in Baja**

*PA1002024696 Mexico City NOTIMEX in Spanish 2007 GMT 9 Feb 96*

[FBIS Translated Text] La Paz, 8 Feb (NOTIMEX) — Baja California electoral authorities confirmed today that the Institutional Revolutionary Party (PRI) won the five posts for mayor and 11 of the 15 posts for deputy in Sunday's elections.

At the end of the vote counting, Manuel Gonzalez Navarro, president of the State Electoral Commission, said that candidates of the ruling PRI party won in the municipalities of Mulege, Comondu, Los Cabos, and Loreto.

According to the official report, the opposition, National Action Party (PAN), won the four remaining posts for deputies in elections in which the Party of the Democratic Revolution (PRD) and the Labor Party (PT) also participated.

Gonzalez Navarro said that the PAN won two posts for deputies by proportional representation while the PT and PRD each gained one due to the total percentage of voters.

**Mexico's Chiapas To Reform State Constitution**

*PA1102162596 Mexico City LA JORNADA in Spanish 6 Feb 96 p 12*

[Report by Juan Balboa]

[FBIS Translated Text] Tuxtla Gutierrez, Chiapas state, 5 Feb — Regardless of whether agreements are reached in the San Andres Larrainzar talks, the government and Congress of Chiapas state committed themselves today to promote 22 reforms of the local Constitution and of the civil, penal, and electoral codes, and to modify the basic law of the judicial branch in order to consolidate the political, economic, social, and cultural rights of the indigenous peoples of Chiapas.

Among the reform commitments are recognition of Indian autonomy, adoption of a plebiscite or referendum to elect authorities, remunicipalization of Indian regions, organization and regulation of elected Indian town councils in keeping with practice and customs, and the possibility of allowing Indian communities to participate in elections without the involvement of political parties.

The executive and legislative branches announced 22 "basic, institutional, and political" reforms that seek to design a new social pact with the Indians and a new juridical framework for the rights and guarantees of peoples and communities that recognizes autonomy and free determination.

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Uriel Jarquin Galvez and Deputy Juan Roque Flores, representing the state government and Congress respectively, confirmed that these reforms will be the foundation for the rights, reforms, and commitments of the two branches, and they pointed out that the reforms to the Constitution will be carried out even if the peace negotiations between the Federal Government and the Zapatist National Liberation Army (EZLN) fail.

In a joint communique issued today, the state government of Julio Cesar Ruiz Ferro and the 59th state legislature recognized the EZLN's willingness to improve the situation of Indian communities. "Work is being done in various aspects to solve the problems that caused the 1994 conflict," Government Undersecretary Uriel Jarquin pointed out.

He admitted that there is a need to reform 12 articles of the Chiapan Constitution and insisted that such reforms will be made regardless of the outcome of the San Andres Larrainzar dialogue. Jarquin denied that the proposals for constitutional reform are "sectarian" or that they will benefit only the EZLN.

Juan Roque Flores, legislator of the PRI [Institutional Revolutionary Party] and representative of the state congress before the Harmony and Peace Commission (Cocopa), announced that the Chiapan legislature will reform Articles 3, 4, 10, 27, 48, and 59 of the state Constitution as well as the civil, penal, and electoral codes and the judicial branch law.

The EZLN accepted these changes. "We hope that agreements will be signed on 13 February and that the Congress will immediately take legal steps to carry out the reforms," Roque added.

Among the proposed reforms are those that establish the right for bilingual and intercultural Indian education, that recognize the Indian peoples' right to present initiatives before the local congress, that recognize the right of municipalities with predominantly Indian population to propose to the local congress the name of their town, and that establish the right of the state executive branch to promote a law to ensure agricultural justice and development.

As for human rights, the executive and legislative branches committed themselves to review the composition and powers of the State Human Rights Commission, to establish an Indian public legal assistance office, and to request the creation of a fourth Indian affairs office of the National Human Rights Commission.

**Mexican President Heads Ceremony Marking Air Force Day**

*PA1102015196 Mexico City NOTIMEX in Spanish 2003 GMT 10 Feb 96*

[FBIS Translated Text] Mexico City, 10 Feb (NOTIMEX) — As President Ernesto Zedillo headed the ceremony marking the "Mexican Air Force (FAM) Day," today he affirmed that Mexico will always be a united, free, and sovereign nation thanks to the Armed Forces.

The president said that the Mexican Air Force, Army, and Navy have stood out for their unyielding devotion to peace, the defense of national institutions, and servicing the people, adding that they are an institute for peace, which was shown in the discipline and responsibility with which they have cooperated on a daily basis in the strengthening of the state of law.

Zedillo pointed out that the Armed Forces' commitment with social values emphasizes their relations with the people, whose recognition they have earned thanks to their patriotism, attachment to laws, and resolve to help the communities in cases of natural disasters.

In stressing the Armed Forces' task in the fight against drug trafficking and the defense of territorial integrity, Zedillo told FAM soldiers that the nation is proud of them for their resolve to servicing society. With this commitment, he added, they contribute to achieving national integration and unity.

President Zedillo recalled that half a century ago, Mexico was forced to participate in World War II. An airborne combat unit and the 201st Squadron participated in the fight to reinforce the most significant value that brings all Mexican together: The defense of sovereignty. "To preserve the principle we have always defended: The peoples' self-determination, the right to freedom, and the right to harmony and peace," he underscored. [sentence as received]

FAM Commander Humberto Lucero Nevarez said that the armed institution is committed with the country, its people, their ideals, its president, its history, and its destiny. He asserted that the FAM once more is pleased with Mexico, with the assurance that the convergence of ideas and expectations that mark its course supports and strengthens the Mexican State to overcome difficulties and prepare its entry into the 21st century.

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**Inception of 'Supercartel' in Mexico's Chiapas Reported**

*PA1002135196 Mexico City EL FINANCIERO in Spanish 4 Feb 96 p 15*

[Report by Jose Reveles]

[FBIS Translated Text] The Mexican mafia bosses involved in drug trafficking are turning their eyes south and have already rushed in to reconquer Chiapas, a former drug paradise, a no-man's land where loads of cocaine used to arrive before January 1994 from production centers in South America.

The fact is that we Mexicans are witnessing the birth of the Chiapas supercartel.

The first corridor for hundreds of metric tons of cocaine through some sort of ant-like operation that will compete with the narcojets — several of which have ended up getting stuck in Mexico — includes the states of Aguascalientes, Sonora, Sinaloa, and the two Baja California states.

The final destination is, as always, the United States.

Authorities from the Office of the Attorney General of the Republic [PGR] have obtained precise data on the operators, bosses, itineraries, and protection provided by accomplice authorities.

In addition, they have gathered information about the modus operandi of drug traffickers in this reorganization of the main routes and criminal organizations in Mexico.

It is known, for example, that drug traffickers are already using the rivers and waterways of southeast Mexico for the shipment of drugs.

**Banana Camouflage**

However, as part of the use of the territory of Chiapas as a gateway for cocaine from Bolivia, Peru, Ecuador, and even Colombia, the clandestine airstrips that proliferate near the Guatemalan border, especially in banana plantations, will continue to play a strategic role.

The amount of bananas that are exported from Chiapas and the entire Mexican Republic has served, for many years, as the ideal cover for shipping drugs by land.

U.S. intelligence reports have established that Carlos Cabal Peniche, when he bought the powerful Del Monte company, also engaged in money laundering operations and contributed a large business infrastructure to cover up the trafficking of cocaine. Cabal Peniche took part in the modernization of the ports of Chiapas, in his quest to increase exports. He bought land in Guatemala, Costa Rica, and also tried to buy land in Colombia.

The episode in which 7.3 metric tons of cocaine were found by chance in the false bottoms of cans of jalapeno peppers inside a trailer, in Tecate, Baja California, in April of 1993, should not be forgotten.

Most of the 59 airstrips officially registered in Chiapas are not under surveillance. Small aircraft flying close to the ground, coming from Central and South America, are never detected on the radar of the Mexican police or the hemispheric system of cooperation for air pursuit, supervised by U.S. agents.

A confidential PGR report has announced the establishment of what will be called in the future the Chiapas Cartel.

The operating scheme has a fundamental premise: Nonaggression between drug trafficking rings. This is how the drug trade operated in Chiapas before the armed attack of the Zapatist National Liberation Army [EZLN] in January of 1994.

Today, after guerrilla actions have been virtually suspended for several months, the Mexican brains in international cocaine trafficking have decided to return to the origin, to make business grow.

Drug trafficking operators, temporarily in refuge in Cancun, Akumal, Cozumel, and other cities in Quintana Roo, Campeche, and Yucatan States, were too visible. This is never beneficial. They prefer to return to the jungle landscape and even coastal zones in Chiapas, where there are not too many witnesses.

**Corruption of Kaibiles**

All druglords, without exception, establish themselves in Chiapas to benefit from the uncontrolled entry of drugs. Guatemala is not the most watched country regarding drug trafficking. In fact, when it was found out that there were cocaine shipments, the person allegedly responsible was extradited: Arnoldo Vargas.

Mexican authorities are concerned that Guatemalan soldiers, particularly the elite troops known as "Kaibiles," may do business with drugs that are allegedly seized, but that are intended for sale to rings on this side of Suchiate river.

According to the PGR, it is more likely that small aircraft land in Guatemala and then the drugs are sent across the river, cross the border flying close to the ground, or use the maritime route, because currently we have a Federal Judicial Police chief, Americo Flores, who graduated from the Mexican Navy.

In addition to being an alleged drug trafficker, Arnoldo Vargas served as mayor for the National Union of the Center. It was even said, beyond rumor, that he was

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forming a group, in reality a mini cartel in Zacapa. During the administration of President Jorge Serrano Elias, Vargas was turned over to U.S. authorities.

Chief Justice Juan Jose Rodriguez Peralta was charged with embezzling Supreme Court funds. Rodriguez Peralta was the one who ruled that Vargas could be sent to the United States. He is so smart that, when he saw himself cornered by justice, he invented a party, because the law in Guatemala mandates that any political leader of a registered party is immune.

In Peten Department, on the Belizean border, and in areas such as San Marcos, there is an explosive presence of drug trafficking rings that manage to dodge border vigilance and send their cargo to Chiapas.

Before the Zapatist uprising in January of 1994, Chiapas was the ideal place for unloading drugs not produced in Mexico, especially cocaine from Colombia, Peru, and Bolivia, and the kind of heroin that comes from the so-called Golden Triangle based in Asia. Opium and heroin, which are taking the place of cocaine as a more profitable business, come from Taiwan, Hong Kong, Cambodia, and other Asian nations through cartels called Bamboo United, Sun Yee On, and Wo Hop Tong, among others.

**The Mafias in Cancun**

Chiapas is one of the most appropriate locations for drug trafficking mafias — overwhelmingly from the northern part of the country — to coexist. When the Zapatist armed insurrection took place, the mafias moved to Cancun, Akumal, Cozumel, Isla Mujeres, and other locations in the State of Quintana Roo. But given the ongoing peace talks, they have decided to go back to Chiapas. It is believed that judicial officials are implicated in this reorganization of drug trafficking routes, which bordered the coasts of the Gulf of Mexico.

Although emphasis will be placed on the corridor that enters the United States through Baja California, the Chiapas operation does not exclude any of the most important drug trafficking groups in the country: The Gulf Cartel, with Oscar Malherbe de Leon and Francisco Guerra Barrera replacing Garcia Abrego; the Ciudad Juarez Cartel, with its leader Amado Carillo Fuentes; the Tijuana Cartel, with the Arelano Felix brothers; and the Pacific Coast Cartel, with "Mayo" Zambada as its visible leader.

Juan Jose Esparragoza, also known as "El Azul," is a different leader; he is the smartest drug trafficking leader and hates violence. He served a seven—year sentence — the minimum for crimes against health, the sentence handed down to the most petty drug trafficker — and is at this time reportedly grouping organizations that in the past staged violent revenge actions, including the one in Guadalajara airport in May of 1993, which cost the life of Cardinal Juan Jesus Posadas Ocampo.

The presence of troops in the conflict-ridden and EZLN-occupied Chiapas municipalities is enough to scare the druglords away, because Chiapas is an extensive territory and the most appropriate ground — precisely given the attention lent to the armed conflict — to introduce drug shipments into the country.

**Roundup of Mexican Economic Developments Through 12 Feb**

*PA1202201596*

[FBIS Report] The following is a compilation of reports on economic developments in Mexico monitored through 12 February.

According to Mexican Petroleum (Pemex), it spent a total of 227.627 billion pesos in 1995 in the state of Tabasco. The money was used as follows: 176.765 billion pesos in infrastructure projects and environmental studies that Pemex carried out on its own; 35.610 billion pesos in donations to the state government for farm and social development projects; 59.540 billion pesos in donations to the state in the form of materials and a parcel of land owned by Pemex to build a health center; 5.712 billion pesos donated to the state government to help repair the damage caused by hurricanes Opal and Roxanne. (Mexico City EL FINANCIERO in Spanish 5 Feb 96 p 3)

In 1996, the state and federal governments, the Agriculture Secretariat, and farmers will contribute 119.0193 milliom pesos to promote technological change, increase productivity, and implement the National Overall Rural Training System. Coffee, rubber, oilseed, and grain farmers and cattlemen will be assisted with this plan. (Mexico City LA JORNADA in Spanish 6 Feb 96 p 40)

During the last quarter of 1995, Telmex (Mexican Telephone Co.) profits registered a total drop of 22.1 percent, since it reported earning 9,306,051,000 pesos. For the year, its profits from operations totaled 15,065,044,000 pesos. (Mexico City EL FINANCIERO in Spanish 7 Feb 96 p 18)

The financial bailout program for major Mexican companies will allow commercial banks to receive as payment part of the stocks of the companies that join this program in order to restructure their liabilities, Hector Larios Santillan, the Business Coordinating Council President has announced. He added that only companies with a guaranteed viability will be allowed to partici-

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pate. (Mexico City LA JORNADA in Spanish 7 Feb 96 pp 1, 48)

The National Banking and Securities Commission (CNBV) has reported that the number of loans that have been restructured within the terms of the Agreement for Immediate Support to Bank Debtors (ADE) totaled 1,669,942. The CNBV added that 39 percent of the portfolio that may receive the ADE benefits has already been restructured. The Mexican Association of Bankers reported that the Finance and Public Credit Secretariat has extended the deadline to restructure debts in Investment Units to 30 April. (Mexico City EL FINANCIERO in Spanish 7 Feb 96 p 14)

Despite the economic crisis, as of October 1995, imports from Europe and Asia had dropped by 20 and 25 percent, respectively; and imports from the United States, by only 1.7 percent. Meanwhile, exports of manufactured goods grew by 47 percent, and industry, in general, grew by 30 percent. Also, bilateral trade with Chile grew by 120 percent in 1995 as a result of the signing of an agreement with that country. (Mexico City EL FINANCIERO in Spanish 7 Feb 96 p 14)

The National Institute of Statistics, Geography, and Information Science, (INEGI), has reported that the country's mine and metal industry registered an annual accumulated increase of 11.6 percent in 1995. Production of copper increased by 11.5 percent; of lead, by 11.4 percent. In contrast, zinc production dropped by 1 percent from January to November 1995. Also, coal production grew by 11.5 percent and coke by 7.1 percent, while iron production dropped by 1.1 percent. The INEGI report also states that fluorite and gypsum production grew by 58.8 and .5 percent, respectively, while sulphur production dropped by .7 percent. Gold production grew by 36.7 percent and silver by 8.7 percent. The top national producer of copper is Sonora state with 87.4 percent of the total; of gold, Durango State with 20.7 percent; of silver, Zacatecas State with 40.4 percent; and of fluorite, San Luis Potosi with 74.8 percent. (Mexico City LA JORNADA in Spanish 7 Feb 96 p 49)

According to restricted circulation documents of the National Finance Bank (Nafin), this institution failed to fulfill its goals of supporting industry, commerce, and services, because it only managed to earmark about 3 billion of its 25 billion peso budget, or 11.8 percent of the total. The documents indicate that in 1995 Nafin only managed to help 35,155 of the 71,000 micro, small, medium, and large businesses, that is, only 49.5 of the total. (Mexico City EL FINANCIERO in Spanish 7 Feb 96 p 7)

Luis Meneses Murillo, leader of the National Union of Regional Autonomous Peasant Organizations (UNORCA) has reported that grain production — particularly corn and wheat — dropped last year, and thus, 5 million tons of corn will be imported this year. The Secretariat of Agriculture, Livestock, and Rural Development reported that corn, beans, and wheat production will drop by 2 million tons, that is, by 6.6 percent of the total 1994 production. (Mexico City LA JORNADA in Spanish 8 Feb 96 p 48)

Fernando Jimenez, economic adviser of the Spanish Embassy in Mexico, reported that Spanish investments in Mexico totaled $1.8 billion in the past few years. Of the total, more than $600 million were invested in the financial sector, that is, more than 30 percent of the total. He added that the sale of Spanish products in Mexico has dropped by 60 percent. (Mexico City EL FINANCIERO in Spanish 8 Feb 96 p 18)

The employment rate of the manufacturing industry dropped by 7.5 percent in real terms between January and November 1995, INEGI reported. As for salaries in real terms, in 1995 there was an annual 11.2-percent drop in comparison to the January to November 1994 period. (Mexico City EL FINANCIERO in Spanish 8 Feb 96 p 27)

Journalist Patricia Munoz Rios reports that the national market continues to be in an uproar, because the Commerce and Industrial Development Secretariat (Secofi) has announced that it "reached agreements" with producers to increase the price of eggs by 20 percent; cooking oil, by 25 percent, and powdered milk, by 6 percent. Soft drink manufacturers report that the increase in the price of sugar will hike their prices by 5 to 10 percent.

Businessmen report to the Office of the Federal Attorney for Consumers (Profeco) that their inspectors are corrupt. Also, the National Association of Self-Service Stores reiterates that it will not receive payments with credit cards, because the banks charge a commission of 2.25 to 3 percent for this service, which is too high. There is an ongoing discussion between government officials, businessmen, and consumers on whether the Program to Reduce Basic Products is really being implemented. The directors of Secofi and Profeco and business leaders insist that it is being implemented and that they even "have documents to prove it." Consumers say this program simply does not exist. (Mexico City LA JORNADA in Spanish 8 Feb 96 pp 1, 5)

The National Finance Bank (Nafin) reached an agreement on 8 February with the Inter-American Development Bank (IDB) for a loan totaling $250 million to finance a corporate consolidation program for financial institutions, to be implemented by the IDB. The program focuses on the modernization of private banks, the corporate consolidation of Nafin, and the promotion of pri-

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vate loan investment. (Mexico City EL FINANCIERO in Spanish 8 Feb 96 p 9)

Juan Jose Sosa, union leader from the Ford Motor Company, has stated that automobile exports to the United States dropped by 40 percent in January. Sosa attributes the decrease to the current conservative buying habits that U.S. consumers adopt in an election year. He said that drawdowns are likely to continue this year to "accommodate production," and it will not be until 1997 when production will again rise to the levels of three or four years ago. Assembly plants are currently producing at 50 percent of capacity and workers have had to negotiate with the company to avoid mass dismissals. (Mexico City EL FINANCIERO in Spanish 8 Feb 96 p 18)

According to a study by the Labor Congress (CT), the price of the basic basket for a family of five has shot up by 93.9 percent during the past 13 months. The CT maintains that workers will need a 100-percent wage increase to be able to afford it. The CT report, which gathered its information from Federal District convenience stores, notes that 1 kg of flour rose by 473 percent; 1 liter of safflower oil, 133 percent; 200 grams of tuna, 71 percent; 1 kg of eggs, 134 percent; 1 kg of powdered milk, 98 percent; 1 kg of rice, 77 percent; 2 kg of refined sugar, 94.9 percent; 1 kg of beans, 80 percent; 0.5 kg of coffee, 78 percent; 1 kg of pork chops, 70 percent; 100 milligrams of Colgate toothpaste, 217 percent, and washing detergent increased by 135 percent, among other examples cited. (Mexico City LA JORNADA in Spanish 9 Feb 96 — received via Internet)

According to a Mexico City, 10 February-datelined item, Sidek Group President Jose Martinez reported that the Group has reached an agreement with 17 local creditors to restructure its debt. The local creditors hold 70 percent of Sidek's $2.115 billion debt. The Group also owes $1.48 billion to nine foreign banks. In addition, Sidek has agreed to sell a 65-percent stake, worth $122 million, in two of its Mexico City hotels to Marriott Hotels in order to increase cash reserves. Sidek Group assets have a book value of $3.2 billion. During 1995, the Group paid off $3 billion in debt. This year, it plans to pay off less than $100 million. (Paris AFP in Spanish 1554 GMT 10 Feb 96)

According to an Hermosillo, 10-February datelined item, a report by the National Market Information Service states that Mexican horticulturists have exported and sold 933,878 tons of mixed horticultural products to the United States during the past three months. The exports include 219,524 tons of tomatoes, 15,518 tons of cherry tomatoes, 201,994 tons of cantaloupe and honeydew melons, 136,349 tons of cucumbers, 96,456 tons of squash, 60,519 tons of pimentos, 27,361 tons of iceberg and romaine lettuce, 23,356 tons of onions, 25,124 tons of hot peppers, 35,498 tons of watermelons, 13,572 tons of eggplant, 12,410 tons of sweet corn, 5,013 tons of broccoli, 3,692 tons of cabbage, 9,203 tons of cauliflower, and lesser amounts of other vegetables. (Mexico City NOTIMEX in Spanish 1817 GMT 10 Feb 96)

Herminio Blanco, secretary of commerce and industrial development, has denied that the government is planning to deregulate the pricing of tortillas and milk. Blanco said that the Economic Alliance must agree first to any changes in the prices of staples. (Mexico City XEW Television Network in Spanish 0400 GMT 10 Feb 96)

**Mexico: Weakened PRI Position Seen in Federal District**

*96P20271*

[FBIS Report] Two recent polls conducted in the nation's capital point to a weakened political position for the Institutional Revolutionary Party (PRI). One poll showed a drop in citizen performance ratings for most members of the Federal District's PRI-dominated government. A second poll found the opposition National Action Party (PAN) leading as the District's most popular political party, the second poll with such results in recent months.

The first poll, carried out through 5,400 door-to-door interviews between 21 November and 10 December by REFORMA newspaper, found that citizen ratings on a 10-point scale of District top officials—all PRI members—and most of the District's 16 administrative division representatives—the bulk of whom are PRI members—had fallen since an identical survey for the January-June period. District Mayor Oscar Espinosa Villareal dropped from 5.2 for the first 6-month period to 4.6 for the second half of the year. Attorney General for the capital Jose Antonio Gonzalez Fernandez fell from 5.4 to 4.6. Public Safety Secretary David Garay Maldonado went from 4.7 to 4.1. The previous average or overall rating for capital administrative division representatives of 5.6 slipped to 5.3, according to the paper.

When asked to rate the job being done by District officials and President Ernesto Zedillo, 53 percent of respondents expressed disapproval of the president's performance, 36 percent approval; for the mayor, 51 percent disapproval, 26 percent approval; for the attorney general, 44 percent disapproval, 23 percent approval;

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and for the public safety chief, 52 percent disapproval, 19 percent approval. (1)

The second poll, a 14-16 November telephone survey, found that only 14 percent of respondents "liked" the PRI while 42 percent "disliked" it. In a separate line of questioning, 27 percent preferred the PAN, 21 percent the PRI, and 12 percent the PRD, although another 33 percent said that among the PRI, the PAN, and the Party of the Democratic Revolution (PRD) "none" was better than the other. VOZ Y VOTO magazine interpreted the 14- 21 percentage figure spread for the PRI as reflecting the possibility that while some citizens might not like the PRI, they may very well regard it as their best choice. (2)

The latter findings parallel those of a July Federal District telephone poll that revealed unprecedented PAN support. Even though respondents declared the PAN to be the second most important party in the country, 33 percent said they would vote for the PAN "if the elections were held today," followed by 24 percent for the PRD and 18 percent for the PRI. (3) Media Sources 1 Mexico City REFORMA in Spanish 22 Dec 95 pp 1A,1B,5B; for text of report see the 6 Feb FBIS LATIN AMERICA DAILY REPORT. 2 Mexico City VOZ Y VOTO in Spanish Dec 95-Jan 96 pp 28-31; text of report to appear in FBIS LATIN AMERICA DAILY REPORT. 3 VOZ Y VOTO Aug 95 pp 34-38; for additional reporting see the 6 Sep FBIS LATIN AMERICA DAILY REPORT.

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## Guatemala

### Guatemala To Replace All Peace Commission Members

*PA1002191796 Guatemala City LA REPUBLICA in Spanish 9 Feb 96 p 6*

[FBIS Translated Text] Hector Cifuentes Aguirre, secretary general of the Presidency, said on 8 February that none of the members of the Peace Commission (Copaz) who participated in the peace talks during the government of Ramiro de Leon Carpio will remain in their posts and that President Alvaro Arzu Irigoyen has accepted their resignations. Cifuentes Aguirre said the president himself will present the new officials.

"They all tendered their resignations from their post, and Copaz will be completely reorganized. Only the administrative employees were reconfirmed in their posts, and the president will present the new members," Cifuentes Aguirre said.

The official confirmed that talks will resume by the end of the current month, and he believes they will be held in Mexico. As for Copaz, he said two officials will be appointed, one who will be completely dedicated to Copaz and the other to the Peace Secretariat.

### Arranz Confirmed at Copredeh [Presidential Commission for the Coordination of Human Rights Affairs]

Meanwhile, Cifuentes Aguirre reported that Copredeh President Vicente Arranz was confirmed in his post. In addition, the appointment of officials, who will occupy the positions of managers and presidents of the various state institutions, including IGSS [Guatemalan Social Security Institute], INTA [National Institute of Agrarian Reform], the CHN [expansion unknown], the Banco de los Trabajadores, Bandesa [National Agricultural Development Bank], and the National Institute of Statistics, is still pending.

### Guatemala: Illegal Immigration Difficult To Control

*96CA0111A San Jose LA NACION in Spanish 1 Feb 96*

[Received via Internet]

[FBIS Translated Text] Guatemala (ACAN-EFE)—The chief of immigration in Guatemala, Guillermo Barillas, declared yesterday that it is "difficult" for that country to control the entry of undocumented aliens into its territory because it does not have a police force to patrol its borders with Central American countries.

According to the authorities, Guatemala is used as a "bridge" by the so-called "coyotes" or "polleros" [chicken herders] who transport illegals from South America, Central America, and Asia to the United States.

Barillas stated that so far in 1996, the immigration and security forces have deported several dozen undocumented aliens who have been arrested at the La Aurora International Airport in the capital and along the border with Mexico.

Most of them have been South Americans traveling on false visas, the official added.

The immigration director indicated that dozens of Central Americans also come into Guatemala for the purpose of crossing into Mexican territory and then traveling illegally to the United States. Barillas reiterated that for Guatemala "it is difficult to stop the flow of illegals" because it does not have a border police force to control the entry of undocumented aliens into the territory.

The Treasury Guard (GH), which has only about 3,000 agents in the entire country, is in charge of fighting alien smuggling.

### Guatemala: Government Sees Obstacles to Peace

*96CA0111B San Jose LA NACION in Spanish 31 Jan 96*

[Received via Internet]

[FBIS Translated Text] Guatemala (ACAN-EFE)—Guatemalan President Alvaro Arzu's administration has encountered "serious difficulties" that prevent it from signing the agreement on the country's socioeconomic and agrarian situation, said official sources yesterday. The agreement has been on the table in negotiations with the guerrillas since last year.

Guatemalan Foreign Minister Eduardo Stein told the press that the draft written by the Peace Commission (COPAZ) established by former President Ramiro de Leon Carpio and the guerrillas of Guatemalan National Revolutionary Unity (URNG) is "problematic" for the new administration.

Among the difficulties, Stein mentioned the deadlines that the document sets for implementing the agreement.

"We cannot assume commitments that we know at the outset are impossible to meet," stated the Guatemalan foreign minister.

The negotiations between the government and the URNG, begun in April 1991, are taking place on the basis of a calendar with the so-called "substantive" and "operative" issues. So far, four of the first group have been signed and are awaiting ratification by the Congress.

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Both sides are hoping that the agreements signed on human rights, investigating the crimes committed during the three decades of armed conflict, resettling populations uprooted by the violence, and the rights of indigenous peoples will solve the problems that led to the outbreak of the armed struggle in 1960.

The socioeconomic aspects and the agrarian situation have been under discussion between the government and the URNG since March of last year, but in the face of disagreements, the issues were tabled until after the new administration took office this past 14 January.

Foreign Minister Stein explained that a new calendar for renewing talks has not yet been agreed to with the United Nations, which is moderating the dialogue, but he indicated that ways of "simplifying" the talks are being sought. Stein reiterated President Arzu's commitment to returning to the bargaining table "as soon as possible."

The UN moderator in the peace process, Jean Arnault of France, held meetings with the two sides and then announced that there are "conditions" for resuming the talks, which have usually been held in Mexico.

Arnault, who arrived in Guatemala on Monday, will meet again with Stein today to discuss the mechanisms for renewing the dialogue.

More than 150,000 Guatemalans have been killed since the hostilities began, another 45,000 have been forced into exile in Mexico, and there are 1 million internal refugees, according to private humanitarian organizations.

**Guatemala: Human Rights Outlook 'Discouraging'**

*96CA0111C San Jose LA NACION in Spanish 31 Jan 96*

[Received via Internet]

[FBIS Translated Text] Guatemala (ACAN-EFE)—Guatemalan Attorney for Human Rights Jorge Mario Garcia portrayed a "discouraging" situation with respect to individual guarantees in his annual report to Congress yesterday, reporting that there were more violations in 1995 than in the previous year.

According to Garcia, in 1994 there were 14,156 complaints of rights violations by Guatemalans, while in 1995 that figure climbed to 17,204, which should be cause for "real concern." Nonetheless, of the total number of complaints, the Office of the Attorney for Human Rights (PDH) that he heads has jurisdiction to open investigations in only 1,650 cases.

The attorney for human rights, who was appointed by the unicameral legislature, believes that a "high" percentage of actions threatening human rights are committed by civilian law enforcement and military officers.

Along those lines, he indicated that the efforts by institutions and officials to reduce the disregard for human life, inviolability and safety were insufficient and ineffective in 1995.

The PDH opened investigations into 223 cases of extrajudicial deaths, 215 cases of abuse of authority, 177 threats, 82 forced disappearances, and 46 illegal detentions during the last year, he said.

In addition, he cited 32 cases of sexual assault, 45 violations of the right to petition, 10 violations of the right to free expression, 10 violations of the right to private property, and nine cases of torture, among others.

Most of the 517 violations of social rights involved the mistreatment of minors, said Garcia.

Just as he did last year, the attorney demanded the dissolution of the Civil Self-Defense Patrols (PAC), which are made up of 500,000 men. He called them "paramilitary organizations" that are armed like the military and act like the military, "with the protection of government agencies." The elimination of the PAC's, which have been implicated in many atrocities, has also been recommended by the UN human rights adviser to Guatemala, Monica Pinto, by the UN Mission for Guatemala (MINUGUA), and by the Inter-American Human Rights Commission (CIDH) of the OAS.

Garcia proposed the passage of a law that will turn the military into a volunteer organization (recruitment is currently suspended) and that will allow for "conscientious objection," which is being demanded by civil organizations in the interior of the country.

In addition, he emphasized the "alarming" degree of Guatemalans' "defenselessness" against crime, which is rooted in poverty, social alienation, social disintegration, consumerism, and "extremely low" educational levels.

He also blames violence, which is reflected in administrative corruption and the "inefficient" administration of justice by the bodies entrusted with that duty, he declared.

He expressed regret that terrorism and drug trafficking are other problems that plague society, in which "widespread" impunity is one of the principal obstacles to respect for human rights.

"The perpetrators of serious crimes in violation of the rule of law are protected by the complicity of silence and concealment, institutional solidarity, and the persistent

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intimidation of judges and prosecutors to dissuade them from performing their duties," he stressed.

Sources in the judiciary admit that at least 20 judges and about 40 prosecutors linked to "special" cases have been threatened, although off the record they mention as many as 100 cases of threats against judges.

Garcia called upon the government and the guerrillas to resume the peace talks, and he denounced the "difficult" conditions in which peasants who have returned from exile in Mexico are now living.

He expressed his concern with the proliferation of bands involved in the international trafficking of children for illegal adoptions and kidnapping for profit.

The attorney also complained about the structural adjustments carried out on the basis of an "imposed model," which have distorted the social fabric and destroyed consensus.

The PDH was established by the Constitution of 1984, and has been operating since 1986.

**Guatemala: Peasants Protest Cost of Living Increase**

*96CA0111D San Jose LA NACION in Spanish 1 Feb 96*

[Received via Internet]

[FBIS Translated Text] Guatemala (ACAN-EFE)—The biggest worker-peasant confederation in Guatemala yesterday staged a protest against the government of President Alvaro Arzu and the high cost of living, which has been growing at an alarming rate since 1 January.

At a demonstration in downtown Guatemala City organized by Unity of Trade Unions and Popular Action (UASP), which claims 1 million members, participants also commemorated the 16th anniversary of the so-called "massacre" at the Spanish Embassy.

Professors and students at the autonomous University of San Carlos (USAC) suspended academic activities to join the march, whose organizers estimated that 3,000 persons participated.

"Arzu administration, protector of the rich"; "The light bill increases, our struggle increases," chanted the demonstrators, referring to the president who took office 17 days ago, and to the rise in prices for basic consumer goods and essential services such as electricity.

The upsurge in prices is attributed to the unicameral legislature's decision to raise the value-added tax (IVA) from seven percent to 10 percent as of the first of the year.

A deputy for the leftist New Guatemala Democratic Front (FDNG), Amilcar Mendez, who left his seat in Congress to lead the protest march, told ACAN-EFE that his party is preparing a bill that will overturn the increase in the IVA on the grounds of "social justice." Another member of the FDNG bloc, which consists of six congressmen, all of whom were present at the demonstration, stated that the legislative assembly has issued a resolution condemning "speculation" and demanding that the Arzu administration impose "effective" price controls.

Criticizing the widespread rise in prices and repudiating the "speculative attitude of unscrupulous businessmen," the UASP submitted a proposal to the Guatemalan president to reform fiscal and tax policy in a "far-reaching" manner.

"The current policy favors the preponderance of indirect or consumption taxes over direct taxes, or income and property taxes, which is inequitable and unfair and hits the poor the hardest. Those who have more should pay more, not the reverse," declared a UASP leader, Edwin Ortega.

Recalling the massacre at the Spanish Embassy, the speakers sang the praises of the students and peasants who were killed by the police and the Army on 31 January 1980, among them Vicente Menchu, father of Rigoberta Menchu, who won the 1992 Nobel Peace Prize.

On 31 January 1980, a group of 27 peasants and students occupied Spain's diplomatic headquarters, holding 10 Guatemalan diplomats and embassy officials hostage in exchange for the cessation of the Army bombing of the western part of the country.

The state security forces, however, led by General Romeo Lucas (president from 1978 to 1982), tried to evict them by force. They caused a fire in which the 39 persons who occupied the building all died, including former Guatemalan Vice President Eduardo Caceres Lennof (1974-78) and former Foreign Minister Adolfo Molina Orantes.

The only survivor of the assault was Ambassador Maximo Cajal y Lopez.

The Spanish Government broke off diplomatic relations with Guatemala, and did not renew them until six years later when Vinicio Cerezo was in office.

At the instigation of the FDNG bloc, the Congress observed a minute of silence yesterday in memory of the "martyrs" at the embassy.

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## Honduras

### Honduran President Announces New Communications Minister

*PA1002215996 Tegucigalpa LA TRIBUNA in Spanish 8 Feb 96 p 12*

[FBIS Translated Text] Jeronimo Sandoval Sorto will be the new minister of the Secretariat of Communications, Public Works, and Transportation (Secopt). The formal appointment is to be announced in due time, which could very likely be today, to face the conflict involving transportation workers, who have suspended a scheduled strike.

According to President Carlos Roberto Reina's announcement, additional changes will be made in the administration in an effort to erase the government's image of slowness. Natural Resources Minister Ramon Villeda is on the waiting list. He is expected to go into politics.

The appointment of a minister of defense and public security has been put on hold. This appointment must be discussed with the Armed Forces' top command, which has its own candidate. Reina said they have not yet discussed this matter, but are expected to do so in a friendly manner.

The president said he must also appoint a chief of the presidential honor guard. This will also be decided in a friendly manner.

Reina stated that the dismissed officials, such as Hondutel [Honduran Telecommunications Enterprise] Manager Mario Maldonado and Secopt Minister Herman Aparicio are honorable and excellent people. He added that the changes are meant to project a dynamic image.

The president does not think Enrique Samayoa, minister of public health and social aid, and Cecilio Zavala, minister of labor and social welfare, are "slow," but he has not confirmed them in their posts either.

Reina dismissed all criticism aimed at former Armed Forces Chief Luis Alonso Discua Elvir, whose appointment as delegate to the United Nations raised eyebrows. Reina said he appointed Discua to the post in recognition for his spirit of peace during the change of command at the Armed Forces and asked that Discua be heard.

### Honduran Military Chief Announces Disarmament Plan

*PA1302005096 Tegucigalpa LA TRIBUNA in Spanish 12 Feb 96 p 8*

[FBIS Translated Text] General Mario Raul Hung Pacheco, head of the Armed Forces, announced on 10 February a national disarmament plan and the prohibition against civilian personnel on wearing military clothing.

This decision seeks to drop the country's crime level by people who are reportedly using official weapons and military uniforms.

The Army chief denied he is interested in civilians becoming armed to defend themselves from crime.

Hung Pacheco announced that the Public Security Force (FSP) is drafting a plan to attack this scourge and includes the confiscation of weapons from civilians.

He added that the use of military clothing will also be forbidden, because many robberies have taken place with the assailants using this type of clothing.

#### No U.S. Aid Being Accepted

Regarding reports that the U.S. Government will give financial aid to the military, Hung Pacheco clarified that this cannot be allowed.

"It is a question of sovereignty. We cannot allow it. I believe it is a very ugly speculation, because we cannot be mercenaries within our own fatherland," he said.

#### There Are Many Vacancies

Regarding the possible presidential instituted draft, Hung Pacheco said there is concern because there are many vacancies in the battalions. Nevertheless, he admitted there are no incentives for youths to join any of the branches of the armed institutions.

Hung Pacheco hinted that President Reina's announcement that soldiers will earn a decent wage could reach many people in the battalions.

#### Escapees Should Surrender

On the three officers who are at large, accused by the tribunals for the disappearance of people during the 1980's, and who have arrest warrants pending, Hung Pacheco called on them to obey the law.

"We call on our comrades who are facing this painful situation and ask through their attorneys that they turn themselves in to the justice system in the near future," he added.

Those at large are Colonels Alexander Hernandez and retired officers Billy Joya and Jose Manuel de Jesus Trejo.

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### Honduran Prosecutor General Installs Citizens Council

*PA1202173396 Panama City ACAN in Spanish 2155 GMT 8 Feb 96*

[FBIS Translated Text] Tegucigalpa, 8 Feb (ACAN-EFE) — The Citizens Council, composed of representatives of organized sectors in Honduran society, was installed today, Thursday. The council members will advise, support, and attempt to stop Prosecutor's Office abuses in the struggle against corruption.

The members of the council — which will be presided by Adolfo Facusse, president of the Honduran Council for Private Enterprise — were sworn in by Prosecutor General Edmundo Orellana.

Facusse, who was elected by the other council members, underscored that the organization's duties are to "support the Prosecutor's Office in the defense of the citizen's interests."

The Citizens Council "will not have command but it will have the moral strength of its representation," he added.

The secretary general will be Erasmo Flores of the Confederation of Honduran Workers, and the non-voting members will be Reinaldo Narvaez of the Federation of University Graduates Associations of Honduras [Federacion de Colegios Profesionales Universitarios de Honduras]; Albina Elvira of the Federation of Women Associations of Honduras [Federacion de Asociaciones Femeninas de Honduras]; Marco Antonio Reyes of the Coordinating Council of Honduran Peasant Organizations; Rafael Ferrari of the Media Association [Asociacion de Medios de Comunicacion]; and Rene Sagastume, director of the state-owned Autonomous National University of Honduras.

The prosecutor general asserted that the Citizen Council must see to many "priority problems."

The Prosecutor General's Office was created in 1993 and, among other responsibilities, it must ensure that the Constitution and other laws are observed and assign criminal or administrative responsibilities to civilians or soldiers who violate them.

Through its Human Rights and Against Corruption prosecutors' offices, this organization has tried military personnel allegedly linked to the disappearance of people in the 1980's and officials of the current and of former governments for alleged corrupt actions.

Former President Rafael Callejas (1990-1994) is one of the people who has been tried. However, he has immunity because he is a member of the Central American Parliament.

### Honduran Lempira Depreciates Against U.S. Dollar

*PA0902224996 San Pedro Sula TIEMPO in Spanish 8 Feb 96 p 2*

[FBIS Translated Text] Tegucigalpa — The lempira has depreciated 45.4 percent against the U.S. dollar so far during this administration. It has gone from 7.27 lempiras per dollar in February 1994 to 10.57 lempiras per dollar in January 1996, which amounts to a difference of 3.3 lempiras.

In early 1994, the dollar purchase price stood at 7.27 lempiras. It closed the first half of that year at 8.60 lempiras and closed 1994 at 9.40 lempiras. That kind of movement resulted in a 29.3-percent depreciation of the lempira for 1994. The dollar purchase quote closed 1995 at 10.34 lempiras. Compared to 1994's quote, it points to an additional depreciation of 10 percent.

According to the regulations on foreign exchange auctions employed by the Central Bank of Honduras since 23 June 1994 and aimed at stabilizing the foreign exchange, the currency can depreciate, in a worst-case scenario, by as much as 50 percent every five auctions. This indicates that if the trend continues, the exchange rate will stand at 13 lempiras per dollar by the end of 1996.

## Nicaragua

### Nicaragua's Central Bank Head on 'Stopgap' Noncompliance

*PA1302032596 Managua BARRICADA in Spanish 12 Feb 96 p 6*

[Report by Xavier Rayo Valle]

[FBIS Translated Text] Jose Evenor Taboada, Central Bank of Nicaragua [BCN] president, has admitted that the government has failed to comply with the objectives of the *Stopgap Plan* signed in September 1995 with the IMF. He has linked this noncompliance with the lack of foreign revenues inflow that was scheduled for December.

Taboada has accepted that there is a *mathing* [preceding word published in English] (differential) between the -$21 million in net adjusted international reserves, which the Stopgap Plan increased to -$78 million, as well as the net credit to the government's nonfinancial public sector (SPNF), which went from 308 to 693 million cordobas. [sentence as published]

An IMF mission this week will start evaluating the goals of the *Stopgap Plan*, but the BCN president has said they will not have differences with it, because the international reserves and the shortage of resources are linked to this flow of planned funds, which failed to come into the country.

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"The BCN granted a credit to pay the SPNF's foreign obligations, but the differences are merely accounted for, as is the case with the Central American Economic Integration Bank (BCIE), which is recording arrears of payment even though we failed to make a payment to it. We are handling this as if we had granted the credit to the Ministry of Finance [Mifin]," he has said.

Taboada has requested "a great deal of care" in interpreting the BCN figures, which show the financial situation as close to reality as possible and the recording of accounting procedures, even though the operations are not carried out. Such is the case with the foreign debt, which is supposed to be paid with foreign resources.

"On 5 January, we received $23 million from the World Bank or the *International Development Association*, AIDA, and this money was allocated to the Mifin. As we transfer papers only, following the conversion to cordobas, we simply write off a Treasury Bond for that amount," Taboada has said.

He also has admitted that the delay in last year's inflow of foreign resources made the international reserves not total the established amount and made the SPNF's net credit not decrease by what the *Stopgap Plan* had stipulated. All this notwithstanding, he has said he was "optimistic" about the results of the IMF revision process, which will start on 15 February, and has predicted another year of stability for Nicaragua thanks to the resources that will flow in and those needed by the Structural Adjustment Program, which is being implemented.

Questioned about the frequent visits by high-ranking officials from the City Bank of New York who are interested in opening an office in Managua, Taboada confirmed these visits and talks, which, he has said, "are still in the exploratory phase," adding that there is nothing tangible yet.

The BCN president did not disclose whether this U.S. multinational bank is requesting special concessions to operate in the country. He has affirmed, however, it may open a branch in the capital this year.

## Panama

### Official: Panama 'Unlikely' To Appear on U.S. Trade List

*PA0902161396 Panama City LA PRENSA in Spanish 7 Feb 96 p A17*

[Report by Edith Castillo]

[FBIS Translated Text] Trade and Industry Deputy Minister Jose Troyano said yesterday "it is unlikely" that Panama will be included on the 301 List the U.S. Department of Commerce drafts against those countries that engage in unfair trading practices.

Troyano said he had learned that the company Nintendo of America has asked the United States to include Panama on the 301 List, following the misuse of trademarks by companies in the Colon Free Zone, something which could entail possible trade penalties for the country.

"We are aware of the issue but definitely believe it is very unlikely that Panama will be included on a list of this type, given that the United States is aware of the laws that have been drafted to fight these practices," he said.

A U.S. Government source disclosed on 5 February that Nintendo of America has asked the U.S. Commercial Office, in the wake of substantial losses caused by the production and marketing of counterfeit products in the Colon Free Zone, to include Panama on the list so the country would be subject to trade penalties.

Troyano ruled out, however, that any misuse of trademarks is taking place in the Colon Free Zone, adding that any company or individual that may feel harmed by this situation is fully entitled, in keeping with the law, to file the appropriate legal and civil complaints.

Troyano categorically rejected that Panama is not punishing this crime and recalled that there is a procedure to file complaints based on the misuse of trademarks.

The company May, which operates in the Colon Free Zone, was forced to suspend its operations temporarily because "it was mislabeling garments with Time Warner trademarks," but the suspension was lifted after its lawyers asked that the case be reevaluated and filed an appeal.

The company has been operating as of several days ago under the supervision of the administration of the Free Zone and experts from the Commerce and Industry Ministry's Industrial Property Directorate.

He recalled that a copyright law was approved in Panama last year and that there is a draft bill on industrial property, for which the United States has offered its cooperation and advice.

The Education Ministry's Intellectual Property Directorate was created following the approval of the Copyright Law, but it does not have a budget to implement its tasks, according to reports.

"The United States is aware of where we are and where we are heading," said Troyano, stressing that Panama's admission into the WTO will not be foiled by charges of this kind.

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In addition, he said the misuse of trademarks will not be allowed in the Free Zone or any other place in Panama.

**Panama Union on Economic Effects Due to U.S. Withdrawal**

*PA0902222096 Panama City EL PANAMA AMERICA in Spanish 8 Feb 96 p E14*

[Report by Arnulfo Barroso Watson]

[FBIS Translated Text] Southern Command Panamanian workers warned that the country's economy will be directly affected with the departure of 6,000 U.S. soldiers between September 1996 and October 1997.

Mario Archer, secretary general for Local 907 labor union, said that the Armed Forces, including special units, will reduce their presence in Panama from 10,000 to 4,410 soldiers, which will cause the dismissal of Panamanian employees from military bases and a contraction of the service economy.

Archer said that today Local 907 will announce in a news conference the creation of a commission to study the negative effects that the departure of the U.S. military will cause.

Local 907 will also denounce Panamanian contractors on military bases who are violating their workers' labor rights. These workers are not paid Social Security contributions, do not get any income taxes deducted, and do not receive other benefits.

EL PANAMA AMERICA has learned from a reliable source that exploratory talks with the United States will begin in March on the possible permanence of military bases in Panamanian territory after the year 2000.

The source reported that at the end of February economists Jose Galan Ponce and Marcos Fernandez will complete the study that President Ernesto Perez Balladares tasked them with, to define the best possible use of defense sites.

The source said that the economists visited bases on the Atlantic and Pacific sides, to draw up an inventory on the value of its infrastructure, possible commercial advantages, the type of equipment there, and the amount of money that needs to be earmarked for maintenance once turned over to Panama.

**Panama Legislator: Base Renegotiation Against 'Neutrality'**

*PA1202184196 Panama City LA PRENSA in Spanish 10 Feb 96 p 7A*

[Report by Juan Luis Batista]

[FBIS Translated Text] Oyden Ortega, president of the Legislative Assembly Foreign Commission, has asserted that Panama should forget about renegotiating the U.S. military bases because to do so would go against the Panama Canal's neutrality after the year 2000.

Ortega said that although the 1977 Torrijos-Carter treaties legalize the permanence of the military bases in Panamanian territory, those same agreements set a departure date for the U.S. from this country and establish that the Canal must be transferred to Panamanian hands on 31 December 1999.

The United States has 10 defense sites and 7,500 soldiers in Panama currently.

Last year, when Panamanian President Ernesto Perez Balladares visited Washington, the so-called "exploratory talks" on the permanence of U.S. military bases in Panama after the year 2000 began.

To support this position, Perez Balladares said he could not "ignore" the wishes of the Panamanians who, according to polls, wanted the bases to be renegotiated. On that occasion, several members of the governmental Democratic Revolutionary Party (PRD) and leaders of opposition parties expressed their rejection to a possible renegotiation of the military bases.

The Panamanian Foreign Ministry studied the possibility of renewing those "talks" during the latter part of November 1995; however, the same were suspended after the United States indicated that it was not willing to pay rent for the bases.

The Dichter and Neyra polling company consulted Panamanians on the issue in September 1995, and 69.4 percent of the citizens agreed with the renegotiation of the military bases.

However, after the talks were suspended in December, the same polling company asked the Panamanians polled if they wanted the military bases to remain in the country even without paying rent. The response was that 49.8 percent answered yes and 40.2 percent said no.

According to PRD Legislator Oyden Ortega, "It is not convenient for the country to renegotiate the bases even if it means having economic compensations."

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He observed that the United States maintains a "deceitful attitude" when it says it is not interested in the military bases and warned Panamanians not to be fooled with the argument that the bases are a guarantee of security.

Ortega emphasized that those who oppose the renegotiation of the bases should play their role by denouncing it and making the citizens aware that "the country's sovereignty cannot be mortgaged."

The legislator made those statements on Friday, 9 February, when he participated in a seminar on military bases and reverted assets and areas. This seminar is being held in the mornings at the University of Panama Law School auditorium from 5 to 16 February 1996.

The objective of the seminar, which was organized by the Extension Vice-Rector's Office of the University of Panama and the University Professors Pro-Sovereignty Committee, is for professors, students, and the community to discuss the issue of the military bases.

Miguel Angel Candanedo, coordinator of the University Professors Pro-Sovereignty Committee, asserted that "any possible attempt to maintain U.S. military bases after the year 2000 is absolutely unacceptable and inconvenient for our country."

**Panama Minister Comments on Embassy, Relations With Cuba**

*PA1202173196 Panama City LA PRENSA in Spanish 10 Feb 96 p 1*

[Report by Vilma Figueroa]

[FBIS Translated Text] Panamanian Foreign Minister Gabriel Lewis Galindo has asserted that Rafael Moreno Saavedra, the former Panamanian ambassador to Cuba, was removed from this position because "he did not follow the instructions given by the Foreign Ministry on how the relations between the Panamanian Government and Cuba should really be maintained. [no closing quotation marks as published]

"There was a lack of communication between the foreign minister and the ambassador," Lewis Galindo stated. He added that Moreno Saavedra is currently on vacations and that they will determine if he is to be sent to another diplomatic post or not, when he returns to work.

Regarding the possibility of entrusting Moreno Saavedra with another diplomatic post after the experience with his work in Cuba, the foreign minister answered that Cuba is a special case because those relations are being handled with great tact.

The foreign minister said relations with Cuba are normal currently and reiterated that Panama considers the U.S. embargo against the Caribbean island should end. He said that Cuba should have an opening policy where human rights are respected and that a democratic multiparty system should be allowed to arise.

On his part, Foreign Ministry Secretary General Daniel Delgado Diamante, one the foreign minister's closest advisers, stated that the Panamanian Embassy in Cuba had been audited to learn the true situation at this offshore office.

He added that an inventory of the assets in the embassy and the ambassador's residence had been made because the assets were bought with government funds and had to be presented to the next diplomat Panama sends to Cuba.

Regarding the $20,000 check that was returned when Moreno left the Panamanian Embassy in Cuba, Delgado Diamante explained that it was a surplus from the funds assigned to the ambassador and had to be given to the next ambassador, whose identity he did not reveal.

According to Delgado Diamante, the Foreign Ministry has established a number of controls, including reports, inventories, and audits, that will allow the Foreign Ministry to manage government resources assigned to diplomatic offices abroad with transparency.

The Panamanian Embassy in Colombia has already been visited and audited and Foreign Ministry officials are scheduled to visit consular offices in Asia, Japan, Costa Rica, Dominican Republic, among others.

As to the reason for those visits to make inventories and audit the assets in embassies abroad, Delgado Diamante said past administrations, apparently, did not have controls, make inventories of the assets, or verify the use given to the resources and funds assigned to the ambassadors.

Former Ambassador Moreno was one of the leaders of the Dignity Battalions, a paramilitary organizations established during the General Manuel Antonio Noriega regime.

**Panama's OAS Ambassador Comments on Certification**

*PA1002003696 Panama City EL SIGLO in Spanish 8 Feb 96 p 34*

[Article by Yuriela Sagel]

[FBIS Translated Text] Panamanian OAS Ambassador Lawrence Chewning Fabrega has said that the United States is aware of Panama's efforts in combating the

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drug-trafficking menace. He believes that Panama could obtain certification within the next few months.

Furthermore, he indicated that the transfer of OAS headquarters to Panama could provide Panama with great economic benefits.

The ambassador affirmed that currently 34 countries that are members of the OAS are studying the possibility of transferring their embassies to Panama, a proposal that has been conjectured in recent months.

The OAS consists of over 500 workers, excluding the personnel that works in the embassies of the different OAS member nations, and the organization has distinguish itself because of its struggle for democracy in the American Continent.

At present, OAS headquarters are located in Washington, USA, where it has operated for many years without any major inconveniences.

From 3 to 7 June, the Panamanian capital will be the site of the 25th OAS General Assembly whose goal will be to improve the standard of living of its citizens.

Included on the agenda among the subjects to be discussed are political problems, extreme poverty, drug trafficking and consumption, the environment, and other issues.

The 26th regular session of the OAS will be celebrated in the ATLAPA Convention Center. Approximately 1,000 delegates are expected to arrive in Panama.

**Report Profiles Panama Canal Administrator Designee**

*PA0902181396 Panama City LA PRENSA in Spanish 9 Feb 96 p 1*

[Report by Manuel Alvarez Cedeno]

[FBIS Translated Text] The government has proposed Alberto Aleman Zubieta, who is married to a niece of the late former President Arnulfo Arias Madrid, to occupy the position of Canal administrator, replacing Gilberto Guardia. This information was given by individuals close to Aleman and was confirmed by government sources.

Once his candidacy is presented, the administration of U.S. President Bill Clinton will have to approve it, because the Canal Commission is a U.S. federal agency.

Aleman Zubieta has told the local press that the process in the United States could take up to six months, adding that "this moment is an important one for Panamanian history, because we have the responsibility of continuing to offer efficient service to the international maritime community."

He is a Texas A&M University graduate, 45 years old, is married to Ana Matilde Arias, and is the father of three children, a 15- year-old boy, a girl of 12, and a baby who was born last year.

Aleman Zubieta is the current manager of the company Constructora Urbana, S.A. (CUSA). He was close to Arnulfo Arias during his electoral campaign in 1984 but is not known to have an active political life.

A person who knows him has said: "He is a professional, not a politician. I consider him to be an apolitical person who is very serious, balanced, sure of himself, and mature."

He is also the brother of Raul Aleman, general manager of Banco General and a nephew of veteran Liberal politician Roberto, alias Chato, Aleman.

Aleman Zubieta is the treasurer of the board of the Young President's Organization, an executive businessmen's association that is internationally recognized. Fernando Aramburu Porras, who was also mentioned as a possible candidate to occupy the post of Canal administrator, is president of this organization in Panama.

Alberto Aleman Zubieta lives in the neighborhood of Altos del Golf in Panama City and also has a house on Taboga Island. He is a member of the editorial council of the newspaper LA PRENSA.

**Panama's Canal Administrator Views Possible Successor**

*PA1002235396 Panama City LA PRENSA in Spanish 10 Feb 96 p 1A*

[Article by Manuel Alvarez Cedeno]

[FBIS Translated Text] Engineer Alberto Aleman Zubieta committed himself yesterday to ensuring that partisan politics do not prevail at the Canal Commission. Meanwhile Gilberto Guardia, the current administrator of the interoceanic waterway, noted that his possible replacement constitutes a guarantee for the country.

President Ernesto Perez Balladares has nominated Aleman Zubieta to replace Guardia, who resigned last year, and although his appointment is at the discretion of the U.S. administration, in Panama it is a sure bet that President Bill Clinton will appoint Aleman Zubieta.

During an interview with LA PRENSA, Aleman Zubieta described his nomination as "a great challenge," because at this time I must give my best to this difficult task." [quotation marks as published]

Aleman Zubieta is a 44-year-old civil engineer who graduated from the University of Texas, United States,

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and he has ample experience in the construction of major civil projects.

We will be supported by all canal workers to ensure that users of the waterway feel that they will have "a canal that will offer them the same or better service than what they have received so far," Aleman Zubieta said.

The engineer underscored that trust in that the canal administration transfer process will be carried out correctly must be created, because "our mission is to work as a team" to achieve our goals.

He also assured that the Panama Canal is an institution "at the service of the world, a world-class institution," and thus, we Panamanians "have the obligation to keep it this way" forever, because "this is vital given that the canal is a jewel by virtue of the service it offers."

Aleman Zubieta, however, noted that among the most important goals he will have as administrator is to "guarantee" that partisan politics are not introduced in the interoceanic waterway once it is fully managed by Panamanians.

"That is the spirit of the governments of Panama and the United States, to carry out a transition with this in mind. We must trust those who are in the canal and in Panama, because we have the capabilities to guarantee success," he added.

Meanwhile, Guardia said that Aleman Zubieta "is properly qualified for this position, and thus, he should meet the expectations of all Panamanian sectors."

Aleman Zubieta is manager of Constructora Urbana (Cusa) and treasurer of the Young Presidents Organization, an internationally recognized business executives association.

Guardia added that Aleman Zubieta "has all it takes to succeed" as administrator of the interoceanic waterway, because "he has a very valuable experience."

**Panama's Canal Administrator: Canal Faces No Competition**

*PA1202043596 Panama City EL UNIVERSAL DE PANAMA in Spanish 11 Feb 96 p 1*

[Report by Jose Eduardo Sanchez]

[FBIS Translated Text] Panama Canal Administrator Gilberto Guardia has stated that any plans, yet, on the construction of new routes to compete with the Panama Canal are mere projects that have been around for years and pose no threat of competition.

Guardia said we must plan the operation of the waterway in order to maintain an efficient service, which will guarantee us that the Panama Canal will not be replaced by a new canal in another country.

An efficient operation will keep the Panama Canal competitive. This is achieved by meeting the demands of the international shipping market. There should be constant plans aimed at modernizing and improving the operation. We should seek ways to offer a good service, which will, in turn, be the best guarantee for the shipping companies using the waterway.

Panama will have to ponder the future construction of a sea-level canal, but this will come at its right time, since the Panama Canal is guaranteed to run efficiently until the year 2020.

According to the forecasts provided by the tripartite commission, a new route will be needed sometime after the second decade following the year 2000. But let us not forget that these forecasts are in need of urgent updating.

Since it opened, the Panama Canal has been running at excellent levels of security and efficiency due to the performance of the employees working for the company. They should continue to do so beyond the year 2000.

The Panamanian work force has always shown their ability to handle the Panama Canal at a time when more than 90 percent of the work force is Panamanian. According to Guardia, there are now nearly 7500 full-time and 1500 part-time employees doing what is required to run the Panama Canal efficiently.

Guardia's remarks came in reaction to a report appearing in the Mexican daily EL FINANCIERO announcing the construction of a canal in Mexico that plans to compete with the Panama Canal once it reverts to Panama.

**Panama Envoy on U.S. Law Making PCC More Autonomous**

*PA1302002796 Panama City EL PANAMA AMERICA in Spanish 12 Feb 96 p 1*

[Report by Juan Pritsiolas]

[FBIS Translated Text] U.S. President Bill Clinton signed a law making the Panama Canal Commission [PCC] a more autonomous corporation. The changes for the waterway are included in a law on Army appropriations which Congress has approved and which Clinton signed on 9 February.

Panamanian Ambassador to Washington Ricardo Alberto Arias has said the new law allows "more independence and flexibility" in managing the Canal, allowing it to operate more as a "commercial enterprise."

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"This autonomy is specifically demonstrated in the fact that the new corporation will be responsible for approving Canal tolls, which used to be under the auspices of the central government," Arias has said. According to the diplomat, there will also be more independence in personnel management so as to reach agreements for anticipated retirements or incentive awards for production.

In addition, the new Canal law authorizes the hiring of independent auditors. The current auditors are U.S. officials. It will also allow the purchase of more goods and services in the market. They are trying to facilitate the transition, to create an organization somewhat similar to the one Panama has created to facilitate the transition.

Arias has insisted the new changes will facilitate the transition process of the Panama Canal, because our country is adopting an organization somewhat similar to the current one.

Panamanian lawyer Humberto Ricord has said, however, the changes are trying to turn the PCC into a "commercial" organization more than anything else. For him, these modifications are closely linked to the constitutional reforms Panama approved allowing the waterway to be able to continue being managed based on U.S. laws in effect up to the year 2000 once it is turned over to Panama.

Panamanian officials reject Ricord's assertion, however, arguing that the government is promoting the elements necessary to manage the Canal once the reversion is a reality.

The PCC is a federal agency created in 1979 by virtue of the Panama Canal treaties.

**Panamanian Customs Head on Increase in Drug Trafficking**

*PA1002004096 Panama City EL SIGLO in Spanish 5 Feb 96 p 14*

[Report by Betty W. Mendieta]

[FBIS Translated Excerpt] Customs Director General Fernando Mendizabal cautioned yesterday that drug trafficking had shifted with greater intensity toward the country's major ports.

According to Mendizabal a major shift in this illegal practice had mostly been recorded at the ports of Cristobal in Colon, and Balboa in Panama due to the arrival of growing number of ships.

He added that the use of ports for drug-trafficking purposes is mostly due to the costs reasons, or possibly because of the greater volume of drugs that can be shipped as opposed to transported by air. [passages omitted]

The customs director general also disclosed that the amount of cocaine seized at the Tocumen International Airport had increased since the beginning of the year on account of the rising number of travelers arriving to the country this time of the year. [passage omitted]

**Panaman Legislators, Lawyers: Drug Money Backed Campaigns**

*PA1002004396 Panama City EL PANAMA AMERICA in Spanish 7 Feb 96 p 14E*

[Article by Aquilino Ortega Luna and Carlos Anel Cordero]

[FBIS Translated Text] Members of the Legislative Assembly and lawyers do not doubt that drug-trafficking money may have infiltrated Panamanian politics at some point, but noted the need to adopt measures to prevent these situations from occurring.

Rodrigo Arosemena, member of the MOLIRENA [Nationalist Liberal Republican Movement], said "he has no doubts" that during General Manuel Antonio Noriega's regime there was political narcofinancing going on because there was great interest in "keeping this man" in power.

Meanwhile, former Attorney General Rogelio Cruz said, "There is no doubt that there will be and there have been political candidates financed with dirty money."

Moreover, members of the Narcotics Commission of the Legislative Assembly, Alberto Aleman Boyd and Victor Mendez Fabrega, talked about the need to penalize the infiltration of drug-trafficking money in politics.

In addition, Christian Democratic Party legislator Ruben Arosemena said he agrees with the proposals made by the Electoral Tribunal, which calls for subsidies for political parties and for allowing the Comptroller General's Office to oversee the origin of the money.

An almost similar opinion was given by Finance Minister Olmedo Miranda, who was the "media coordinator" of current President Ernesto Perez Balladares' campaign.

Miranda said that if the government financed the political parties, the participation of drug traffickers in political campaigns could be kept under control.

According to Miranda, the Democratic Revolutionary Party invested less than $2 million in publicity during the 1994 election campaign.

The figure included publicity expenditures in the radio, newspaper, and television media as well as other media.

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Miranda said he managed the publicity campaign, which has no relation with the actual procurement of the funds.

"I was given the money that was invested in media advertisements," Miranda added.

**Panama's Attorney General on Campaign Drug Money Rumors**

*PA1002010096 Panama City Circuito RPC Television in Spanish 2300 GMT 8 Feb 96*

[Report by Hugo Enrique Famania; from the "RPC Television News" newscast — passages within quotation marks recorded]

[FBIS Translated Text] [Famania] Colombia's scandal on the alleged financing of political campaigns by narco mafia has paved the way for the entire continent to become aware of reality. This phenomenon involves the Colombian president as well as congressmen. May we discard the possibility that a similar situation has occurred in Panama?

[Attorney General Jose Antonio Sossa] "We can never discard any possibility. We see the most incredible and unexpected situations here. Therefore, ..."

[Famania, interrupting] However, Sossa said he did not know if a situation similar to that of Colombia's is taking place.

[Sossa] "I know absolutely nothing in this regard. Nothing has been called to my office's attention so as to lead me to believe that what is being said is more than rumors."

[Famania] Sossa stated that the auditing of funds for political campaigns and their source is nothing new.

[Sossa] "This matter is of a political nature. The constitution hinders me from giving an opinion in this regard."

[Famania] Nevertheless, according to Sossa, the Attorney General Office would be pleased by any initiative that will keep our country away from drug trafficking. Sossa asked the Electoral Tribunal magistrates to send the Attorney General's Office any information on the financing of political campaigns by narco mafia.

**Panamanian Banking Group Head Vows Anti-Drug Fight**

*PA1002024896 Panama City LA ESTRELLA DE PANAMA in Spanish 9 Feb 96 p a1*

[Report by Jacqueline Clarke]

[FBIS Translated Text] Raul Aleman, new president of the Panamanian Bank Association [Asociacion Panamena de Bancos — APABANCOS] said yesterday in the swearing-in ceremony that Panamanian banks support the determination of the government and banking associations in developing "an untiring struggle against drug trafficking."

Because of the number of banks, free circulation of the dollar, and the availability of high-tech products, "our market presents ideal conditions to those, who outside the law, try to illegally take advantage of the banking services."

Aleman wants a study on existing legislation on the improper use of bank services, such as credit and debit cards, automatic tellers, forged negotiables, and others.

He added that to ensure detection, arrest, and conviction of people involved in this type of crime, cases need to move expeditiously through the legal procedures and severe penalties need to be applied.

He said that the 20 banks with local capital that comprise APABANCOS, share a common denominator: Panama.

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## Argentina

### Argentine Study Views Opening of FBI Offices, Relations

*PY1202143596 Buenos Aires TELAM in Spanish 1725 GMT 10 Feb 96*

[FBIS Translated Text] Buenos Aires, 10 Feb (TELAM) — A study by the Unity for the New Majority Studies Center shows that the opening of an FBI office in Argentina does not imply any change in relations between Argentina and the U.S. security agency.

The report states that "there are 23 FBI offices outside U.S. territory — 10 in Europe, eight in the Americas, four in Asia, and one in Oceania."

The report reveals that "these offices are placed in the most important capitals of the world and there is no specific connection between the level of corruption or criminality in that country and the establishment of an FBI office in that country."

The report argues that "Buenos Aires will the seat of one of the four FBI offices in South America. The office that will open in Buenos Aires has so far been housed in Montevideo."

The report adds: "The change of seat does not entail any modification whatsoever to existing agreements between the Argentine Government and the FBI, under which both parties have been working for years."

The 10 FBI offices in Europe are located in London (Britain), Madrid (Spain), Bonn (Germany), Paris (France), Rome (Italy), Vienna (Austria), Moscow (Russia), Athens (Greece), Brussels (Belgium), and Bern (Switzerland).

In Asia, the four FBI offices are situated in Bangkok (Thailand), Tokyo (Japan), Manila (Philippines), and Hong Kong (British Colony until 1997). The FBI has only one office in Oceania, in the Australian City of Canberra.

The four FBI offices in the Americas are in Ottawa (Canada), Mexico City (Mexico), Panama City (Panama), Bridgetown (Barbados) in the Caribbean, Caracas (Venezuela), Bogota (Colombia), Santiago (Chile), and Montevideo (Uruguay). The latter will now be relocated in Buenos Aires.

### Argentina Shows 'Concern' Over U.S. Investigation of IBM

*PY1202200796 Buenos Aires LA PRENSA in Spanish 8 Feb 96 p 3*

[FBIS Translated Excerpt] There is concern in Government House about the decision by U.S. courts to subpoena the [Argentine] officials and congressmen who — in some way or another — are linked to the IBM-Argentine National Bank [BNA] to make a deposition. Why? One of the first to be summoned to testify is, for example, Alberto Kohan, secretary general of the Presidency, whose former secretary, Juan Carlos Cattaneo, was obliged to resign due to his being implicated in the alleged affair.

Government House is not only "concerned" about the deposition before foreign judges. In the forthcoming days, Federal Judge Adolfo Bagnasco will also question former BNA Director Aldo Dadone, among others.

Nevertheless, in order to ease the situation, Justice Minister Rodolfo Barra tried to justify the presence of U.S. officials by asserting that "we have no objection whatsoever" to the depositions of Argentine citizens in connection with the scandal involving the Centenario Project because "there is a cooperation agreement between both governments."

In a radio interview, Barra explained that "of course they can if the U.S. judge gives the order. There is a cooperation agreement between the two countries that allows it."

Justice Secretary Elias Jassan explained the same thing. He also confirmed that a request in this respect has been submitted by his U.S. colleague, Janet Reno, who has completed the list of questions that will have to be answered by Jose Octavio Bordon, national senator for Mendoza Province; Rodolfo Gabrielli, a deputy and former governor of Mendoza Province; and Under Secretary Juan Carlos Cattaneo and his brother Marcelo.

"The U.S. courts are not investigating the conduct of any of these persons; they are investigating a possible IBM violation of laws governing corrupt practices abroad," the official said. [passage omitted]

The United States has shown much interest in the conduct of the Argentine branch of IBM because it is a company that sells its shares on Wall Street, and in order to look after the interests of its shareholders it intends to keep an eye on the informatics enterprise's attitude. In his remarks, the official emphasized that the Washington courts "are simply investigating the U.S. company, and there their investigation ends."

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**Argentine Judge Interviewed on IBM Case**

*PY1302115596 Buenos Aires CLARIN in Spanish 11 Feb 96 p 22*

["Exclusive" interview with Federal Judge Adolfo Bagnasco by Omar Lavieri; place and date not given]

[FBIS Translated Text] [Lavieri] Where bribes paid in the case of the IBM contract with the Argentine National Bank [BNA]?

[Bagnasco] The three crimes being investigated are fraud, bribery, and failure to fulfill a public official's duties.

[Lavieri] Do you think there was bribery in this case?

[Bagnasco] So far I am only investigating. I cannot confirm anything. We are investigating but at this time I cannot confirm if a crime has been committed.

[Lavieri] Is it possible to prove the existence of bribes?

[Bagnasco] It is not easy. It is a complex crime, a fraudulent violation of the law with two participants. We must determine how money changed hands. That is what we are investigating.

[Lavieri] You say there must be two participants. Do you mean — if there was any bribery — the crime was committed by public officials as well as by IBM executives?

[Bagnasco] Of course. Bribery requires one party giving and another accepting. The act involves the fraudulent intention to purchase the will of the other party. The delivery of money cannot be the result of an administrative error or a bad business decision.

[Lavieri] What evidence are you working with?

[Bagnasco] It is very interesting. IBM has imposed disciplinary sanctions against its people, but it never recognized any violation of the law. They talk about bad decisions or bad business...

[Lavieri] Is that what IBM executives questioned said?

[Bagnasco] No. This is mentioned in documents released by IBM to explain the situation of dismissed or removed executives.

[Lavieri] What have you proved so far?

[Bagnasco] Well, we know the business was worth 250 million pesos and we have a report from the University of Buenos Aires [UBA] saying the deal was worth substantially less.

[Lavieri] Do you think the figures in the report are correct?

[Bagnasco] It is very complex. We do not have information on a similar computer analysis. One of those involved in the report participated in the computerization of a South African bank. They are all engineering professors at the UBA. They worked on the report with a lot of responsibility for three months. It is a reliable report.

[Lavieri] Are you looking for bribes only in the operation between IBM and CCR [expansion unknown]?

[Bagnasco] We have information that the company CCR, which was not mentioned in the IBM economic and technical proposal, received $37 million. CCR does not have the capital to guarantee the return of the money if it is unable fulfill its commitments. These elements suggest the money could have been used for bribes. There are indications...

[Lavieri] Do you have anything more than indications?

[Bagnasco] Well, we have found a number of financial operations at the General Business Bank on a financial circuit. For instance, there is BNA payment of 10 million pesos to IBM, which IBM quickly deposited in the name of CCR.

[Lavieri] Have you suffered any political pressure?

[Bagnasco] No. I have not suffered any political pressure. The only pressure I feel derives from the complexity of the case.

[Lavieri] Did you not feel pressured by [Economy Minister Domingo] Cavallo? He attacked you because you involved some of his trusted men in the case.

[Bagnasco] The minister publicly expressed that he did not understand what I was doing. I asked him to see me. I said I would personally and without intermediaries explain to him what I was doing to see if he was correctly informed of my job, and said that if afterwards he maintained what he said about me...

[Lavieri] How was the meeting?

[Bagnasco] We met at the apartment of one of his lawyers, on neutral ground. It was not a functional, but a personal matter. We cleared up everything, we exchanged opinions, and he then corrected himself and provided evidence to cooperate with the investigation.

[Lavieri] Does the presence of U.S. officials represent any pressure?

[Bagnasco] No. I do not feel pressured by the United States. They are interested in a case that is being investigated in Argentina that might have consequences in the United States...

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[Lavieri] Do you feel closely watched?

[Bagnasco] Not at all. There are two reasons. First, the North Americans have acted in accordance with normal legal procedures. They presented their petitions in a very correct way. At no time did they touch the independence of the judicial branch. Second, they have a lot less information than we have and they are even more in the dark...

[Lavieri] How do you feel about questioning a secretary of state?

[Bagnasco] So far we do not have evidence to justify summoning a secretary of state. We may summon the secretary as a witness.

[Lavieri] Is that what the North Americans want?

[Bagnasco] They sent us a list of 12 persons. Nine of them have already testified or are scheduled to testify.

[Lavieri] What about the other three?

[Bagnasco] They are Senator Jose Bordon and former Mendoza Governor Rodolfo Gabrielli, but they have nothing to do with this case. There is a gross confusion in the United States if they think these people are involved in the BNA case.

[Lavieri] What about Alberto Kohan [secretary general of the presidency]?

[Bagnasco] The have asked for an interview — that is the word they used — with Kohan and the only thing they note is that he was Juan Carlos Cattaneo's boss.

[Lavieri] Will Cattaneo be questioned?

[Bagnasco] Yes. He will be questioned.

**Argentine Judge Investigating IBM Informatics Contract**

*PY1202202196 Buenos Aires CLARIN in Spanish 12 Feb 96 pp 2, 3*

[FBIS Translated Excerpt] Hugo van Schilt, in charge of the Lomas de Zamora Criminal Court, is investigating alleged irregularities in an informatics contract that was signed in 1994 between the municipality of Avellaneda and IBM.

Baldomero Alvarez de Olivera, the Peronist mayor of Avellaneda, awarded an informatics contract worth 1,760,740 pesos to IBM. The result of the tender was legally contested by the company Unisys Sudamericana SA, which had proposed, according to the contents of its charge, a lower price, some 600,000 pesos.

According to IBM sources that were consulted by CLARIN, "a technical report of the municipality determined that that difference in the amounts did not exist, and therefore the contract was awarded."

The investigation began in October 1995 as a result of a charge that was submitted by national Deputy Fernando "Pino" Solanas.

As soon as Van Schilt received all the data, he raided the municipality of Avellaneda, and the offices of IBM, Unisys, and CONSAD [expansion unknown], which was contracted by IBM to install the system.

The judge told CLARIN: "I raided the enterprises to prevent any changes in the documents that were used for the tender."

Van Schilt confirmed that a charge had been made, but he indicated that up to the present time he has not been able to prove that a crime has been committed: "At this time, an evaluation of the accounts is being made that could determine whether there was a surcharge or whether there were any irregularities in the municipality's management."

Another court source that CLARIN consulted said that "according to the testimony that has been received by the court, the initial charge was denied because it was explained that the lowest offer is not always accepted; rather, the one viewed as most advantageous is chosen." [passage omitted]

**Argentina's Menem Views Economic, Political Issues**

*PY1002023596 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1703 GMT 2 Feb 96*

[Highlights of "exclusive" interview with President Carlos Menem by NOTICIAS ARGENTINAS political columnist Pepe Eliaschev at Government House in Buenos Aires; date not given]

[FBIS Translated Excerpt] Buenos Aires, 2 Feb (NA) — [Eliaschev] It seems that the IMF opposes the reduction of the VAT [value-added tax] to its previous level of 18 percent. In addition, it is peremptorily demanding that Congress give full powers to your administration. Do you feel the IMF is bringing pressure to bear on you to that effect?

[Menem] No, the IMF may voice its own opinions and it is only natural that it should do so since it is our creditor, the one that grants us financial resources, but it is the Argentine Government — and in this particular case, the president of the Republic — who makes decisions. Moreover, when we raised the VAT to 21 percent, we said that this measure was going to be in force only until April of this year and we cannot lie to the people. In other words, we are going to reduce the VAT by 3

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percentage points for three or six months and then we will evaluate tax payers' reaction to decide whether we maintain that reduction. While we take into account the IMF's point of view, the president of the Republic has already made a decision and the IMF is not going to change it.

[Eliaschev] You have promised that you were going to rout unemployment. What concrete and tangible measures has your administration taken to achieve that objective?

[Menem] All the measures that have so far been put into motion, namely major investments that are flowing into Argentina, foreign savings, domestic savings, housing plans, major public works. As investments grow, new jobs will be created. This is already noticeable in survey results, in statistics. Unemployment went down from 18 percent in May 1995 to 16 percent at the end of November last year. Besides, there is a public opinion poll conducted by a private firm, Mora y Araujo, on behalf of a foundation, which shows that unemployment dropped to 14 percent. Moreover, that poll reveals that approximately 40 percent of the labor force are paid under the counter, they are part of the underground economy. Now, if we manage to bring them to the official economy through the measures we have adopted the level of unemployment will be lowered considerable from 14 percent to under 10 percent for the time being. Still, one has to be a little patient.

[Eliaschev] Historically, Argentina has been a grain and beef producer, a foodstuff producer. Nevertheless, looking into the future, what areas and sectors of the Argentine economy do you envisage will constitute the driving force behind a genuine creation of new jobs?

[Menem] Well, it is central that we do our outmost in those areas to enhance and boost production, to be competitive in the production of foodstuffs at world level. Food constitutes to be an imperative need the world over and Argentina is in a position to provide — and indeed it is already doing so — food for those who want to purchase it from us. In addition, in the world of services, two-thirds of the world economy is service-related. We are in a position to successfully join the fray in the arena of services, which is a veritable industry, and create an infinite number of jobs. Let us turn to tourism now. Tourism brought us in some $4 billion last year. We have surpassed Brazil and are among the three leading countries in the hemisphere as regards revenues generated by tourism. This is most important. Furthermore, we produce raw materials, process them, export them or place them on our domestic market. Not long ago, I was at Nonogasta, a total desert, where a factory was built. I remember that during the election campaign, we discussed why we exported hides without dressing the leather or making things with it. Well, we then started pursuing a policy geared to processing raw materials here in our country and exporting the finished products resulting from that processing mechanism. Last year, for example, we set a record in our leather industry exports to the tune of $800 million. Argentina, with its open and competitive economy, can make headway in the creation of new jobs and in rooting out unemployment — as I have said — and we shall overcome. I am perfectly aware that there may be those who are not so optimistic, but I have always been an optimist and the results are there for everyone to see. Back in 1989, when Argentina was in a shambles and inflation was running at 5,000 percent, nobody could imagine we would have a country like the one we have now with inflation running at 1.5 percent. This year inflation may not even reach 1 percent. Budget estimates consider that inflation will stand at 3 percent, but we have to cover ourselves just in case. Still, I reckon that inflation will not be over 1 percent this year. [passage omitted]

[Eliaschev] Let's imagine that the recovery of Argentine sovereignty over the Malvinas Islands depended solely on you. How far would you be willing to go to make your dream — and that of many people — become a reality?

[Menem] I would continue along the same path of dialogue, a path characterized by an ongoing claim at international fora, but never again a war, at least under my Presidency, never again.

[Eliaschev] How do you imagine the scenario following the 30 June elections for the Buenos Aires mayoralty, when you will have to live together with a mayor from the opposition until 1999, when your tenure comes to an end?

[Menem] We are already living together — even though they are far away — with governors who belong to the opposition. This coexistence has been possible thanks to democracy. This notwithstanding, I do not think the Justicialist Party will lose in Buenos Aires. [passage omitted]

[Eliaschev] You have mentioned on two or three occasions the year 1989, when you acceded to the Presidency. Trade unions and the Armed Forces are at present — in every sense of the word: Budget-wise, in the number of their members, and the weight they carry — one-third of what they were when you took office. To what do you attribute the downsizing in these two sectors that have traditionally played such an important role in Justicialists administrations?

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[Menem] The art of governing consists in the art of balancing things. Therefore, when there is a lopsidedness in our society because of the differences in power between sectors, we may end up in a situation that is uncontrollable, which is what happened during many years in Argentina. On the contrary, thanks to this fair and logical balance that we have achieved, we have obtained a transformation that is based on a real pacification of our country.

[Eliaschev] You have been ruling our country for more than 80 months, approximately some 1,400 days, and still have ahead of you two more years as president. With the benefit of hindsight following six and one-half years in power, the personal vicissitudes that you had to endure, and with the political difficulties that you had to go through, how would you like to go down in history? After soul-searching, what trait of yours would you like future generations to remember and to say Menem did this or refrained from doing that?

[Menem] I would feel very happy if future generations remembered me as a good man, a man who loved his country, his people, and mankind because by doing things properly in a country like Argentina and trying to project the atmosphere of peace prevalent here, one is also seeking peace to reign over the rest of mankind. I would be content just with that. A good man who served his fellow countrymen, his people. As Eva Peron said, I am not interested in other honorary titles. Simply that — to continue to be the same person who became president of the Republic. I think that despite everything I had to go through, despite all the vicissitudes, I have learned quite a few things. I am a much more serene person...[pauses] A politician must be a patient and persevering person, and above all, a good person who serves others.

**Argentina's Frepaso Splits After Internal Disputes**

*PY1202215396 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2345 GMT 9 Feb 96*

[FBIS Translated Text] Buenos Aires, 9 Feb (NA) — The Frepaso [Front for a Country in Solidarity] Alliance, the second largest political force after the 14 May elections, split today with Jose Bordon's decision to support [former Interior Minister] Gustavo Beliz in [his race for the position of mayor of] Buenos Aires City and with the inflexible position of the Great Front and of the socialists [Socialist Unity — US] to support Norberto La Porta in his candidacy for the same post.

The Mendoza Province senator's decision put an end to long weeks of internal disputes between the top leaders of the Frepaso, which were caused by Bordon's intention of favoring Beliz as the mayoral candidate for the Frepaso, which obtained 5 million votes during the last presidential election.

Before giving a news conference during which he announced his position, the head of the PAIS [Open Politics for Social Integrity] party took it upon himself to advise his main political partner, Carlos ["Chacho"] Alvarez, over the phone of his decision to "break away" from the Frepaso to continue to build a "pole of opposition to Menemism" and open a dialogue with other sectors.

Bordon argued that he could not support La Porta in the metropolitan district's elections because he would be making a mistake with respect to his "convictions," and he rejected the criticism by his allies of the "opening" up of the Frepaso to other leaders and political forces.

Bordon defended himself, saying that "I consider that the opening up of the Frepaso has never been more opportune because within this new party we had only one open internal election that mobilized millions of Argentines. There are people who should not be asked to pay the price for starting afresh."

Nearly at the same time, and also in a downtown hotel, Alvarez, together with La Porta and Graciela Fernandez Meijide, adopted a more severe tone, and he justified the resistance of the Great Front and of the US in allowing Beliz to join them because "the best candidate of Menemism can never be the best candidate of the alliance."

"We cannot allow our being drawn into an internal sector of Menemism to seek a space in the power" structure, he stressed, and he also considered as "painful" Bordon's decision to leave the Frepaso.

The eventual outcome of the Frepaso's crisis had been evaluated by Alvarez, Bordon, La Porta, and Fernandez Meijide during a meeting that lasted slightly more than two hours, held in the office of Carlos Auyero, the Great Front's secretary general, located at 700 Rivadavia St.

Great Front spokespersons indicated that Alvarez was charged with opening fire and he asked Bordon "not to discuss the past but to resolve what had to be done" with the Frepaso's strategy from "this time up to the elections in Buenos Aires City."

The same spokesperson indicated that Bordon arrived at the meeting with the firm decision of affirming his support for Beliz in the upcoming elections, and he demanded that "some type of mechanism" be sought so that the Frepaso could decide whether to support the former Menem minister and La Porta.

The firm refusal of the Great Front and the US to once again discuss La Porta's candidacy, which was

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agreed upon behind the closed doors of the Frepaso on 8 August 1995, led Bordon to propose a second alternative without diverting too much from that line of thought.

The new proposal implied that the Frepaso would agree to becoming more flexible in the internal play within each of its member parties and thus permit PAIS to support Beliz from outside the alliance.

"We cannot allow Beliz to join the ranks of those who disagree with Menemism. We believe, instead, that it is necessary for him to join the ranks of the alliance." This was one of Bordon's arguments when he tried to break down the resistance of his allies to the admission of the young politician.

After a rough-going discussion in which everyone expressed their undeniable positions, Alvarez indicated that the only possible way to avoid a split in the alliance was for Bordon to remain "neutral" during the election campaign.

The request implied that Bordon could avoid an express support for La Porta, but that he would not support another candidate.

Another elegant outlet that the Great Front threw on the table was that of agreeing to a speech that would allow Bordon to affirm all that has been done in favor of Beliz becoming a member, but it would also indicate that "he gave priority to the alliance."

This proposal would have allowed the discussion regarding the former minister becoming a member to remain frozen until after the elections that have been called for 30 June 1996.

These conditions obliged Bordon to withdraw from the meeting together with Nilda Garre, Alejandro Rodriguez of the Bordon youth sector, and Carlos Campolongo to discuss matters with other leaders of the sector before officially releasing the decision.

**Argentine Party Calls For Internal Elections 14 May**

*PY1302022196 Buenos Aires TELAM in Spanish 2341 GMT 8 Feb 96*

[FBIS Translated Text] Buenos Aires, 8 Feb (TELAM) — The National Justicialist Congress today called internal elections to elect party authorities for 14 May, and it authorized the National Council of the PJ [Justicialist Party] to banish from the party the members who support candidates of other parties.

It was also agreed to allow members of the party's minority to accede to party posts but only if it obtains 25 percent of the vote, and, as President Carlos Menem requested, the level of participation by women will remain at 30 percent of the posts.

Carlos Menem, the president of the PJ National Council; Eduardo Duhalde, its vice president; Lorenzo Pepe, president of the National Congress; and Carlos Ruckauf, its vice president, presided over the meeting.

Eduardo Bauza, the chief of the cabinet; Eduardo Menem, provisional president of the Senate; Alberto Kohan, the secretary general of the Presidency; Carlos Corach, the interior minister; and Alberto Pierri, the president of the Chamber of Deputies, also participated in the meeting.

Pepe, before 879 congressmen out of a total of 1,089, opened the debate just after noon, and the extension of the party authorities' mandate and the call for elections to elect new national councilmen were the first points that were debated.

Pierri outlined the position of the people from Buenos Aires Province and it was shared by the rest of those present, with the exception of a small group headed by Santa Cruz Province Governor Nestor Kirchner and by union leader Luis Barrionuevo.

"We propose that the internal elections be held on 19 May and that if another list is submitted, the Council should be authorized to call internal elections for no later than 30 June," Pierri motioned.

Kirchner motioned that the internal elections for party authorities "be held in 1997 together with the elections to elect candidates for national deputies."

Just before the voting started, Menem and Duhalde, who were expected for the closing of the meeting, made a surprise appearance.

Menem then spoke and he requested that members of the minority sector become members of the Council and that the ratio of women be acknowledged. He also proposed that the internal elections be held on 14 May.

After a brief skirmish with Kirchner, the president accepted the fact that if another list was submitted, the elections would be postponed to give that sector time to make its proposals known.

"Let us act broad-mindedly and give them the time they are asking for," Menem said, and he withdrew from the congress to attend to official matters.

After evaluating the objectives and the functions of the PJ and after an extensive debate, it was agreed that the party's main task, according to what Pepe told TELAM, "is that of advancing in seeking solutions to the needs of our people, especially those that pertain to housing, education and health."

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When the question of the members that have left the party was brought up, the debate was basically about the infighting that is occurring within the Buenos Aires City sector of the party.

Alberto Rodriguez, the councilman for the Federal Capital, who is a member of the sector that is led by former Deputy Jorge Arguello, harshly criticized the authorities of the Buenos Aires City sector of the party. He maintained that "Gustavo Beliz, rather than having been expelled from the party, should have been persuaded to remain."

Rodriguez was immediately answered by Ines Perez Suarez and Jorge Castell, councilpersons for the city of Buenos Aires and members of the official sector of the party, who indicated that Beliz left the party because he knew he could not win the party's internal elections.

After being placed before the consideration of the congress, it was decided to authorize the PJ National Council to sanction those members who support candidates of other parties.

In this respect, Bauza maintained that "the appropriate sanctions must also be applied to those who remain within the party but support the candidates of others parties."

This measures points directly at Arguello, Kirchner, and Mendoza Governor Arturo Lafalla, who have stated publicly that they support Beliz for mayor [of the city of Buenos Aires].

Duhalde closed the congress with a fiery speech. He criticized those who abandon Justicialism, and he urged the PJ leaders to stop their infighting and to dedicate themselves "to resolving the concrete problems of the people."

"The Justicialist leaders meet not to create political 'cliques' but to seek a way to guarantee the basic needs of our people," stressed Duhalde, and he recalled that "this party leadership has led Peronism to heretofore unimagined triumphs."

## Brazil

### Brazilian Committee To Support Government on Sivam

*PY1302014296 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 12 Feb 96 p A5*

[FBIS Translated Text] Brasilia — The government will obtain the support of nearly 40 of the 59 senators of the Special Senate Committee that is investigating the Amazon Region Surveillance System, Sivam, during the 13 February voting session. Senators from the PT [Workers Party], PDT [Democratic Labor Party], and PSB [Brazilian Socialist Party] will vote against the project. Allies Josiphat Marinho (PFL-BA) [Liberal Front Party-Bahia], Osmar Dias (PSDB-PR) [Brazilian Social Democracy Party-Parana], and Pedro Simon (PMDB-RS) [Brazilian Democratic Movement Party-Rio Grande do Sul] will vote against the project since they do not agree with it.

The Amazon senate bloc will oppose the project. Sivam rapporteur Senator Gilberto Miranda (PMDB-AM) [Amazonas], who in the past defended the project, said that Brazil is about to buy an overpriced, obsolete technology.

### Scientific Group Seeks Brazilian Management of Sivam

*PY1302023596 Sao Paulo AGENCIA ESTADO in Portuguese 2053 GMT 12 Feb 96*

[Report by Helio Gama Neto]

[FBIS Translated Text] Sao Paulo, 12 Feb (AE) — The Brazilian Society for Scientific Development [SBPC], which is a focus of resistance to the Amazon Region Surveillance System [Sivam], has already defined a strategy to implement in case the Senate approves the loan to be granted to finance the project. According to SBPC President Sergio Henrique Ferreira, even if the loan is approved, the national enterprises and the Brazilian scientific community still have possibilities of administering the project. He explained: "To this extent, we will contact President Fernando Henrique Cardoso and negotiate a solution."

The SBPC admits there are few chances of the loan not being approved, but bets on this possibility. "We do not have a crystal ball, but an impasse could occur," Ferreira said. The society released today — the day before the loan is voted on by a Senate special committee — an official communique confirming its support for the amendment proposed by Senator Osmar Dias (PP-PR) [Progressive Party-Parana]. The text of the amendment drafted by Senator Dias defends the need to hold a bidding in order to choose the enterprises that will participate in the implementation and administration of the Sivam project, as well as the one that will be responsible for supplying the project's equipment.

The SBPC document recalls that for the past 25 years Brazil has acted in the field of "environmental remote sensoring and monitoring, mastering several space applications and technologies." The note adds that, contrary to the Brazilian experience, the U.S. company Raytheon, chosen by the government without going through a public bid process to install the Sivam, never worked with environmental applications.

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The SBPC president added that the presence of Brazilian scientists and companies in the administration of the Sivam should increase Brazil's chances to participate in a promising market that will expand considerably in the next few years. "Africa and India, for example, will surely have to invest in surveillance systems," Ferreira said. "Just as Petrobras [Brazilian Petroleum Corporation] nowadays exports its unique know-how on deep water oil exploitation, we can do the same with environmental monitoring," Ferreira added.

The scientist denied that the SBPC retreated in its convictions regarding the Sivam. "We continue defending an Amazon surveillance project administered by national companies and implemented through public bids," Ferreira said. He added that for the time being there is no crisis among the SBPC scientists, but he acknowledged that the organization had faced some internal disagreements on account of the Sivam. "On one occasion, some of my statements were interpreted erroneously, but that has been overcome," Ferreira said.

**Brazilian Official: Raytheon Seeks Control of Sivam Data**

*PY1302120296 Sao Paulo FOLHA DE SAO PAULO in Portuguese 9 Feb 96 Section 1 p 11*

[Report by Lucas Figueiredo]

[FBIS Translated Text] Brigadier Marco Antonio Oliveira, coordinator of the Sivam (Amazon Region Surveillance System) implementation commission said on 8 February that "very strong arm wrestling" is going on with the U.S. Raytheon enterprise over project management control.

Oliveira said Raytheon "wants to take care of the processing phase of the project," that is, to render management services involving the processing of data that is considered information relating to national security. The enterprise wanted the work done by E-Systems.

Raytheon purchased E-Systems in 1995. It specializes in working for U.S. espionage agencies, among them the CIA. E-Systems' total sales in 1994 amounted to $2.1 billion, of which 85 percent was earned from businesses involving secret operations of the U.S. Government and of other countries.

Oliveira said the government will not yield, adding that the data processing services in which Raytheon is interested will be rendered by Embraer (Brazilian Aeronautics Company).

The brigadier said: "We Brazilians will develop the entire strategic software (computer program)." Developing this software entails handling secret data on the operation of the system as well as information on biodiversity, mineral resources, indigenous peoples land, and air traffic, which are considered information relating to national security.

The project provides for the rendering of data processing services in Brazil. The Aeronautics Ministry undertook this task after the Brazilian ESCA [Automation and Control Systems Engineering] enterprise was removed from the project on charges of defrauding the national social security institute.

Since the start of the project, Raytheon has tried to convince the government to let it handle the data processing services.

Brig. Oliveira said foreign financial institutions are willing to lend more money to implement Sivam. A Japanese bank and Eximbank are said to be among such institutions.

Eximbank, which is controlled by the U.S. Government, is Brazil's largest creditor in the project. Eximbank supplied $1.4 billion of the total $1.7 billion that was lent to Brazil to implement the project and to pay financial costs. Oliveira said the government has not requested any new loan.

**Japan Conveys 'Conditions' for Investment in Brazil**

*PY1302010096 Sao Paulo FOLHA DE SAO PAULO in Portuguese 8 Feb 96 Section 1 p 7*

[Article by Jose Roberto de Toledo]

[FBIS Translated Text] President Fernando Henrique Cardoso will only hear agreeable things during his visit to Japan in March. The hosts, however, have already sent messages about the conditions that are required to increase Japanese investment in Brazil.

One of those messages has been sent to Deputy Paulo Bornhausen (PFL-SC) [Liberal Front Party-Santa Catarina], who is president of the Congressional Committee of the Common Market of the South. Bornhausen returned from Japan on 3 February. He said: "Japan will insist very much on Brazil's need to have domestic savings."

The future hosts of President Cardoso have told the deputy that foreign investment is a complement "and not the base for the domestic growth of a country's economy." The deputy asked for a meeting with President Cardoso in order to convey to the president his impressions of the trip.

Bornhausen visited Japan at the invitation of the Japanese Government and listened to the claims of representa-

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tives of the Japanese Government and of the Keidanren (Japanese Confederation of Business Organizations).

"They will not say the same thing to the president because they are very gentlemen-like with their guests and consider saying this sort of thing rather rude," Paulo Yokota, a consultant for Japanese firms, said.

Yokota, who has been Brazilian Government commissioner to Japan, asserted that, despite their politeness, the Japanese expect to receive compensation. He said: "President Cardoso will have to read between the lines of their politeness."

Bornhausen forecast that one such situation will be the announcement, during the presidential visit, of the construction of the new Toyota car-manufacturing plant in Sao Paulo State.

"The Japanese want to recover lost ground. They believe that the 1980's were a lost decade in terms of Brazilian-Japanese relations," the deputy said. Investment totaling nearly $1 billion will probably be announced during President Cardoso's visit.

This amount can increase much more, Yokota said. Brazil is not even included in the list of the 10 countries where Japan invests the most. The PRC is at the top of this list.

Yokota said: "Japanese investments in the PRC yield less results than those made in Brazil." According to him, Japan sees Brazil as the door for Asian admittance into Latin America.

Due to the privatization program, the Japanese will be transferring their targets in Brazil to the private area, particularly in the fields of vehicles and communications.

**Brazil's Petrobras To Announce Bid for Gas Pipeline**

*PY1002003196 Sao Paulo AGENCIA ESTADO in Portuguese 2238 GMT 8 Feb 96*

[FBIS Translated Text] Brasilia, 8 Feb (AE) — The Brazilian Petroleum Corporation [Petrobras] will announce, before March, an international bid for the purchase of tubes and compressors that will be used to construct the Brazil-Bolivia gas pipeline. Petrobras President Joel Renno said today the enterprise will begin the construction even before the consortium of enterprises that will invest in the project is formed. Renno said: "The initial protocol was signed three years ago and we believe the project must be implemented."

To form the consortium, Petrobras must create a subsidiary. Current laws state that this requires congressional authorization. The administration has decided, however, to wait until Congress approves the bill that regulates the amendment which eases the monopoly on oil prospecting. This bill will be sent to Congress in February. It will grant Petrobras autonomy to create subsidiaries without having to wait for congressional authorization.

Renno said: "We are beginning the work hoping these issues will be resolved." In addition, foreign resources, which will probably total two thirds of the $1.8-billion investment, have not been assured. The Petrobras president does not believe it is too risky to begin the construction before having ensured the consortium or the funds. He said: "After all, living entails risks."

Petrobras will create a subsidiary in partnership with three giants of the gas-producing area. Petrobras will hold 51 percent of the subsidiary's shares and 25 percent will be divided among British Gas (British), Tenneco (American), and BHP [expansion unknown] (Australian). The YPFB [Bolivian Government Oil Deposits] (a Bolivian state-owned company) and Enron (American) will have 20 percent, while the remaining 4 percent will be sold to Brazilian investors. This enterprise will form the consortium responsible for the gas pipeline with another Bolivian enterprise, which is comprised of the YPFB and Enron (with 85 percent), in addition to Petrobras itself (with 15 percent).

**Refinery**

Renno asserted that the site of the new refinery to be built in the Northeast Region will only be chosen after the bill regulating the easing of monopoly is approved. Petrobras will have a minority of shares in the partnership that includes the Japanese enterprises Mitsubishi, Mitsui, Nissho-Iwai, and Marubeni. Depending on which state is chosen for the construction (Rio Grande do Norte, Maranhao, Piaui, Ceara, or Pernambuco), domestic investors will also be able to buy shares in the company.

**Brazilian Paper: Colombian Situation 'Political Crisis'**

*PY0802140396 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 6 Feb 96 p A3*

[Editorial from the "Notes and Information" page: "It Is a Political Crisis"]

[FBIS Translated Text] President Ernesto Samper is under crossfire by the forces that want him to resign, but he has been resisting as best he can. The president has easily won the first offensive represented by the inquest for ethical reasons filed against him by Congress. The second attack came from an unexpected front: The prison where Fernando Botero Zea — former

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defense minister and coordinator of Samper's electoral campaign, who went to jail boasting about Samper's honesty — is being held. Botero now asserts that while still a candidate, Samper had been directly involved with the Cali cartel, which wanted to finance his campaign.

Samper will either resign his position or be ousted from it within the framework of a legal process. This fight, however, is political, and it is being fought in the political field. Whatever the outcome, it will also be political. Therefore, it is less important to learn whether Ernesto Samper is innocent or guilty of associating with drug traffickers. The relation of forces in Colombian society and the Congress is what will decide his destiny. Thus far, the president's position has been oscillating, but is basically stable as a result of the prestige enjoyed by the Liberal Party among most Colombians. The game, however, is far from over, and not all the players have shown their cards.

In less than three weeks, the U.S. Government will issue certificates supporting the antinarcotics effort. If Colombia is not on the list, it will have difficulties exporting some of its products to the United States. The greatest embarrassment will be, therefore, of a political nature. Suspension of the certificate for Colombia will be equivalent to declared distrust for Samper's administration. The president's situation will then tend to deteriorate quickly.

The possibility that the United States will deny Colombia the certificate of good behavior in the antinarcotics effort ceased being remote the moment U.S. Government sources leaked information in Washington about Samper's behavior before the 1994 electoral campaign. Protected behind the image of anonymous informers, but easily identified by their links to the U.S. Government, these sources revealed that in 1982, while coordinating Alfonso Lopez Michelsen's electoral campaign, Samper had contacts with emissaries of the Cali cartel, who wanted to finance the Liberal candidate's campaign. This leak may have preceded still worse news about Samper.

Data about these issues usually originate in the DEA, which has its own agenda. This agenda does not necessarily coincide with that of the Department of State. This could explain the absurd paradox of the Colombian crisis: The president whose mandate is endangered for alleged links to the Cali cartel is the man under whose administration that same cartel suffered its worst defeats. During Samper's period in office, six of the seven main leaders of the largest cocaine trafficking organization in the world were arrested, and his administration has exerted unprecedented pressure on the Cali cartel's rival, the Medellin cartel.

This is, by the way, the main argument Samper uses in his defense. He no longer discusses whether dirty money was or was not used in his campaign. He admits that in a country such as Colombia — where all the activities are permeated by corruption deriving from drug trafficking — someone, somewhere, may have received dirty money. What he does not admit is his conscious and compromising participation in any operation transfering narcotics money to the Liberal Party campaign. He points out as evidence of his innocence the unprecedented results his administration has been obtaining in fighting the drug cartels.

Colombia has been experiencing suspense for nearly seven months; it has been almost paralyzed as a result of the crisis that threatens Samper's mandate. Colombia's political history is full of traumatic incidents. Even given this scenario, however, Colombians have succeeded in building a dynamic economy that functions almost totally apart from political events. This time, however, the crisis may bring about an economic crisis. It is important, therefore, to find an institutional solution to the case before the episode brings about social disorder.

**Brazilian Minister Views Running for Sao Paulo Mayor**

*PY0702004496 Rio de Janeiro JORNAL DO BRASIL in Portuguese 4 Feb 96 p 5*

[Article by Ilimar Franco]

[FBIS Translated Text] Communications Minister Sergio Motta has divided feelings over his future. He may leave his ministry to run for Sao Paulo mayor. Motta, who until recently did not even want to mention the subject, has begun to consider the possibility after a luncheon on 30 January in Sao Paulo with Governor Mario Covas. As one government official admitted: "Mario wants him to be a candidate, but Motta is doubtful."

Despite the pressure, even from the party grass roots, Motta has still not yielded and prefers to remain in the ministry. Planning Minister Jose Serra supports his candidacy, and President Fernando Henrique Cardoso — who really does not want to participate in the decision — does not object to his candidacy.

"He is enthusiastic," said a Motta aide to whom Motta confessed that the support of his worthy rivals Covas and Serra weighs in his decision. If Motta accepts the candidacy, he intends to resort to the same alliance that elected Cardoso, the PFL [Liberal Front Party] and the PTB [Brazilian Labor Party]. If possible, and if it does not mean making an agreement for the succession of state governor in 1998, Motta would also like the support of the PPB [Brazilian Progressive Party].

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Motta would have to leave the ministry on 2 April, the deadline for the executive branch members who want to run in the elections to leave their posts. About the same time, Regional Policy Secretary Cicero Lucena will also step down to run for candidate as mayor of Joao Pessoa (PB) [Paraiba]. That moment will be considered appropriate for the president to make cabinet changes. A Planalto Palace adviser said: "The president will not reshuffle the cabinet now. He will wait for several members to move first."

The insistence with which the name of Deputy Francisco Dornelles (RJ) [Rio de Janeiro] is being mentioned as a future minister to occupy the PPB [Brazilian Progressive Party] share is causing increasing discomfort and embarrassment to the government. The president's advisers comment that the pressure in favor of Dornelles could eliminate the PPB's opportunity to join the cabinet and disturb Dornelles' opportunity to become minister.

Since the party must be represented in the cabinet, and if it is to be in a real ministry, the strongest candidate to leave a place for the PPB continues to be Industry and Commerce Minister Dorothea Werneck; however, she will not leave the administration.

Dorothea Werneck cannot be removed right now, while Mercosur [Common Market of the South] and car industry negotiations are still going on. Beside this, it is thought the PPB aspirations could be met through the Science and Technology Ministry if Israel Vargas, who has no political support, steps down, or through the Agriculture Ministry if Andrade Vieira decides to leave the administration.

The Communications Ministry is excluded from any political negotiation, even if Motta decides to run for Sao Paulo mayor. One minister said: "The president will keep the Communications Ministry under his control in any case." One PSDB [Brazilian Social Democracy Party] leader said there is no chance that Dornelles or anyone from outside the inner government circle will hold this ministry, recalling that when Cardoso announced Motta's name for the post, the president said: "I will be in the ministry."

Government advisers say the Communications Ministry is so delicate that Cardoso placed a friend there. It has been common practice for different administrations to place there people of the president's total trust and intimacy. This is so because the Communications Ministry deals with relations between the government and the media.

**Editorial: Brazilian Governors Work To Reduce Expenses**

*PY0102145496 Sao Paulo GAZETA MERCANTIL in Portuguese 26 Jan 96 p A2*

[Editorial: "The Revolution of the Governors"]

[FBIS Translated Text] Most of the governors elected in 1994 ended their first year of mandate in melancholy. Without fearing to be wrong, it could be said that everyone of them promised to increase their expenses with social programs, improve the infrastructure conditions in their states, and resolve the most urgent local problems. However, at the end of their first year of administration, they realized that they spent most of their time administrating their daily finances, trying to find new sources of income and renegotiating debts and the future of their state banks with the federal administration, eluding obligations imposed by the Budget Revenue Advance (ARO), seeking to renew loans from private banks, and trying to expedite transferences of funds from federal agencies. And what for? To pay for expenses with personnel and nothing else.

A significant group of governors today openly rejected the role of administrators of a bankrupt system. Not conformed with this situation they — who are much closer to the people than the federal administration — have increasingly felt more courage to take measures on their own to attack the heart of difficulties of the state finances. This means making the law on expenses with public employees to be complied with, establishing maximum limits for salaries and reducing personnel in keeping with the administration's needs.

This is the real revolution that the governors, without distinction of parties, are currently carrying out in Brazil. In face of Congress' corporate resistance to the administrative reform, the governors of Minas Gerais, Rio Grande do Sul, Santa Catarina, Mato Grosso, Espirito Santo, Goias, and Federal District decided to no longer wait for the approval of the congressmen who do not understand or who do not want to understand what is going on in the country.

"We must do what can to free ourselves from this situation," said Rio Grande do Sul Governor Antonio Brito (PMDB) [Brazilian Democratic Movement Party] who has decided to implement a voluntary dismissal program in his state to save 200 million reals [R] in 1996. Determined to implement a structural reform in the Minas Gerais state apparatus, Minas Gerais Governor Eduardo Azeredo (PSDB) [Brazilian Social Democracy Party] is not thinking only about establishing a ceiling for public employees on active duty, but also for the retired ones. The governors of Espirito Santo, Victor Buaiz, and of

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the Federal District, Cristovam Buarque, both from the PT [Workers Party] have already established a R6,000 ceiling for their public employees. Santa Catarina Governor Paulo Afonso Vieiera (PMDB) is not retreating in his intention of cutting salaries so that expenses with personnel do not surpass 65 percent of his income, and Goias Governor Maguito Vilela (PMDB) intends to continue reducing his payroll every month.

During a dinner in the home of Chamber of Deputies President Luiz Eduardo Magalhaes (PFL-BA) [Liberal Front Party-Bahia], who demonstrates great sensibility over the issue, Mato Grosso Governor Dante de Oliveira (PMDB) referred to one of the most sensitive points of the financial problems that are drowning the state administrations. He considers that a salary ceiling for the whole national public service is essential and be clearly defined in the administrative reform, to prevent the risk of in-between-line interpreting by those who interpret it.

These issues need to be said with courage. The judicial and legislative branches always give up their effort of refraining public employees' salaries. As result of the pirouettes of the salary isonomy rule, whatever wage increase is granted to magistrates and legislators ends up flowing to the rest of government apparatus. If strict conditions were imposed for the renegotiation of debts, if the ARO must be abolished from Brazilian customs, and if the greatest objective of the economic policy is currently to reduce the public deficit, it is unacceptable that the administrative reform be restricted to the executive branch. There are three government branches in the Republic and only one treasury.

The argument that the governors want to create a consummated fact before Congress which should be sovereign, debates on it, cannot be taken seriously. The governors received a mandate from the people to govern, to meet their social demands, and they want to do so. This will create a constitutional dilemma only if Congress continues avoiding the subject.

**Brazil Studying Budget Cutbacks Totaling R8.5 Billion**

*PY0702170096 Sao Paulo FOLHA DE SAO PAULO in Portuguese 2 Feb 96 Section 1 p 6*

[Article by Sonia Mossri in Brasilia]

[FBIS Translated Text] Planalto Palace is negotiating with the Congress cutbacks to be implemented in the 1996 budget, which is still being debated in Congress. The government believes that at least 8.5 billion reals [R] will have to be reduced from the budget because the economic team has changed its estimates for economic growth in the country as well forecasts regarding the 1996 inflation rate figures.

The new figures the government has presented indicate that the economy will grow less than was previously expected. The same thing occurs with the inflation rate contemplated in the budget.

Instead of an estimated economic growth rate of 4 percent of the GDP, which was contemplated in the 1996 budget bill, the Finance Ministry is already foreseeing that the economy will only grow 3 percent.

The initial text of the budget bill contemplated that the 1996 GDP would total R800.7 billion, at 1996 average prices. The new evaluation forecasts a GDP totaling R720 billion.

FOLHA DE SAO PAULO has learned at the Finance Ministry that the economic team also believes it has over-evaluated the 1996 accumulated inflation rate (13.6 percent). The government is now working with a lower figure. These changes in the government estimates have been reported to the members of the congressional budget joint committee.

The new estimates contemplate tax collection losses in 1996: First, because if the economy grows less, the enterprises pay less in taxes. Second, because the 1996 tax revenue had been corrected in accordance with a higher inflation rate, which cannot be confirmed.

Planalto Palace believes that, in addition to these difficulties that will generate losses totaling R8.5 billion, the government has been facing other budget problems resulting from the probable rejection of the CMF [Contribution on Financial Operations].

This signifies an additional loss of some R6 billion. Even if the CMF is approved, the government will not be able to collect all this amount in 1996. Collection of the money would only start in June, and this would represent a R3 billion reduction in the CMF revenue.

The changes Congress made when approving contributions to be paid by autonomous workers has also caused a drop in the initial tax collection program. The contribution from this revenue source thus drops from R1.2 billion to R400 million.

The government's defeat in the Chamber of Deputies on 1 February, when the bill on contributions that retired people and those receiving pensions have to pay to the social security area, resulted in an additional loss in revenue of R1.7 billion.

The probable 10-percent readjustment to be granted to the public employees, which the economic team is

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gradually deeming unavoidable, would imply the need to obtain an additional R4 billion to balance the budget.

As a result of all the above, the budget cutbacks are mandatory. The government fears that possible vetoes, after the budget is approved, to the amendments proposed by congressmen will result in new problems with the government-supporting parties, similar to those that had to be faced in 1995.

Leaders in Congress of the following parties — Brazilian Democratic Movement Party, Liberal Front Party, Brazilian Progressive Party, and Brazilian Labor Party — have already complained to President Fernando Henrique Cardoso about the possibility that the executive branch budget cutback will concentrate merely on the amendments proposed by the congressmen.

**Brazilian President: Privatization Funds To Go to States**

*PY1202130696 Sao Paulo AGENCIA ESTADO in Portuguese 2252 GMT 9 Feb 96*

[By Ribamar Oliveira]

[FBIS Translated Text] Brasilia, 9 Feb (AE) — During a cabinet meeting today, President Fernando Henrique Cardoso defined new rules for investing revenues that result from privatizations. He said that part of the income must now be used to reduce the public debt and part will be transferred to the states as an advance on future sales of state-government-owned enterprises. Presidential Spokesman Sergio Amaral did not specify the percentage that will apply to each case. These revenues have so far been used to reduce the debt.

Amaral said the advance on state budgets will serve "as a relief fund for those who are facing financial difficulties." He said the mechanism will be "an incentive for the privatization of state-owned enterprises." Amaral said that during a cabinet meeting President Cardoso "strongly praised" the mechanism, which was masterminded by Luiz Carlos Mendonca de Barros, National Bank for Economic and Social Development (BNDES) president.

Amaral could not say if the new formula will apply to revenues obtained from the sale of Light [Power Services, Inc.], which is scheduled for March. The federal government has so far made budget advance agreements only with the Sao Paulo Government to resolve the problem of its debt with Banespa [Sao Paulo State Bank], and with Rio de Janeiro State to improve the situation of Banerj [Rio de Janeiro State Bank]. Another agreement is being negotiated with the Minas Gerais Government. BNDES will advance 3.6 billion reais to the Sao Paulo Government to privatize Fepasa [Sao Paulo Railroad, Inc.], which will probably take place in the second half of 1996.

Cardoso's decision today on privatization revenues means Planning Minister Jose Serra won the behind-the-scenes confrontation with the finance minister and with the Central Bank. The Finance Ministry and the Central Bank wanted the revenues to be used exclusively to reduce the public debt.

During the meeting, the president reaffirmed his determination to demand a higher percentage of cash in payment for state-run companies, and a smaller percentage in certificates. Spokesman Amaral said the percentage of cash will depend on each enterprise. He explained: "A higher percentage in cash will be demanded for the more attractive enterprises."

**Brazil's Liberal, Progressive Parties Form New Bloc**

*PY0802135296 Sao Paulo AGENCIA ESTADO in Portuguese 2224 GMT 7 Feb 96*

[FBIS Translated Text] Brasilia, 7 Feb (AE) — The PPB [Brazilian Progressive Party] and the PL [Liberal Party] today united to form the second largest congressional bloc in the Chamber of Deputies, right after the PFL-PTB [Liberal Front Party-Brazilian Labor Party] bloc. The new bloc will be comprised of 97 deputies — two more than the PMDB [Brazilian Democratic Movement Party], which has moved downward to third place among the largest blocs in the Chamber of Deputies. In the Senate, the PMDB is still smaller: It has only five senators [as received].

Deputy Odelmo Leao (Minas Gerais), former PPB leader in the Chamber of Deputies, has been chosen as the leader of the new bloc. Now that the two parties have united, they will have more chances of disputing proportional positions in the Chamber of Deputies board, as well as increased power to exert pressure on the other government branches.

Leao said: "We only want to help Brazil resolve the most important aspects of its political life." In addition to Leao, the ceremony — which was held at the office of the PPB leadership in the Chamber of Deputies — was attended by PL leader Deputy Waldemar Costa Neto (Sao Paulo), PL President Deputy Alvaro Valle (Rio de Janeiro), and PPB President Senator Esperidiao Amin (Santa Catarina).

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**Brazilian Businessmen, Unions To Sign New Labor Contract**

*PY1302025996 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 12 Feb 96*

[All speakers identified by captions]

[FBIS Translated Text] Businessmen and labor unions linked to the Union Power, FS, of Sao Paulo will sign tomorrow an unprecedented collective labor bargain. Workers agree to give up several labor rights in exchange for more jobs.

In the past five years, one out of every five metal workers in Sao Paulo has lost his job. In all, 6,000 jobs were eliminated. Many companies claim they would fire fewer workers if they did not have to pay so much in social contributions, such as, for example, having to make contributions to the National Social Security Institute, INSS, and to the Severance Pay Fund, FGTS. The cost of social contributions per worker in Brazil is the highest in the world.

Since last year, the Sao Paulo metal workers union linked to the Union Power has been discussing with eight industrialist associations formulas to reduce hiring costs and to increase the job supply. The result of these negotiations is contained in the fourteen clauses of this collective bargain which will be signed tomorrow and which introduces an unprecedented initiative in Brazilian labor relations: The special contracts.

The agreement authorizes hiring a worker without registering his contract in his labor document [carteira de trabalho]. It reduces by half the employer's contribution to the INSS; companies will be exempted from the 40 percent fine on the FGTS on unjustified firings of workers. The 8 percent monthly contribution the employer makes to the FGTS has been increased to 10 percent; that money does not go to the government-administered FGTS, but to a special account from which the worker can make withdrawals every three months. Companies will be allowed to contract only between 10 and 25 percent of their staff through this special hiring system. Companies will be prohibited from replacing legally registered employees with those contracted temporarily.

[Begin Ariovaldo Lunardi, Sao Paulo State Federation of Industries, FIESP, representative, recording] We believe that this agreement will generate 40,000 new jobs in our sector in one year. [end recording]

It represents an agreement for some, a controversy for others. For the CUT [Sole Workers Center] the agreement represents a setback.

[Begin Heguiberto Navarro, president of the ABC Metal Workers Labor Union of the CUT, recording] We cannot at all accept having the metal workers or any other Brazilian labor union sign an agreement eliminating the social rights gained by the workers. [end recording]

[Begin Pedro Paulo P. da Silva, president of the Sao Paulo Metal Workers Labor Union of the FS, recording] The agreement represents an advantage for the workers: First, there will be work for those who are currently unemployed. Second, it preserves all rights, such as vacations, Christmas bonuses, vacation bonuses [abono de ferias]; and the metal workers convention, which includes more than 120 items that guarantee workers' rights. [end recording]

Superior Labor Court Chairman Jose Juricaba has said in Brasilia that any worker who feels harmed by this agreement can resort to the court to guarantee his rights.

President Cardoso ordered the Labor Ministry to study the subject.

**Brazilian Mergers, Transfers Grow at 'Remarkable' Rate**

*PY0602155496 Sao Paulo GAZETA MERCANTIL in Portuguese 2 Feb 96 p A1*

[Report by Tatiana Bautzer]

[FBIS Translated Text] The ongoing process of mergers and transfers of Brazilian enterprises will deeply modify the productive sector of the country in the next few years. From 1994 to 1995, Brazil jumped from the fifth to the first place in the list of countries with the largest volume of company mergers and transfers. This information has been reported by Securities Data Company (SDC), a U.S. company specializing in financial market statistics.

The total volume of company mergers and transfers in Brazil grew by 300 percent, rising from $1.045 billion in 1994 to $4.183 billion in 1995. The SDC figures include privatization. If privatization amounts are excluded, the growth rate is even larger: Mergers and purchases in the private sector jumped from $400 million to $2.832 billion. In 1996, investment banks expect the market to continue growing from 50 to 100 percent. Booz-Allen Hamilton consultant Maurizio Mauro expects the total business figure to reach $7 billion in 1996.

Even though a substantial part of the deals are made within the financial sector ($1.5 billion), deals in the nonfinancial area have also undergone remarkable growth.

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In 1995, the 21 reported deals in the productive sector — transfer of shares, of majority stocks, and mergers — totaled $1.8 billion. Yet market estimates are far larger, of around $3 billion, because of the more than 40 deals whose figures were not reported.

Even with the underestimated figure of $1.8 billion, growth in 1995 was enormous in comparison with 1994, when the eight reported deals accounted for only $388.9 million. The number of deals that were not reported was also smaller in 1994: There were only 29, according to SDC figures.

Yet the frantic activity of the market of company mergers and transfers did not reach its peak in 1995: Investment banks expect an even higher growth in 1996. Luiz Cesar Fernandes, president of the Pactual Bank — one of the Brazilian banks that has more actively engaged in the business — said that "the market of mergers and purchases will boil." Fernandes expects the size of the market to double in 1996.

While in 1995 the eight deals that were channeled through Pactual bank amounted to $600 million, in January 1996 the bank has been directing three operations worth $1.5 billion.

Garantia bank, one of the main competitors of Pactual bank, is equally optimistic. Eduardo Alcalay, who last year channeled deals for a total of $1.25 billion, expects to close 10 deals in 1996. Giampaolo Baglioni, corporate finances [preceding two words in English] director of the Patrimonio bank, expects transactions to grow by 50 percent.

The growth of the market of mergers and transfers is the most recent phase of the competitiveness shock to which Brazilian enterprises have been submitted. The process began with the liberalization of imports, and gained momentum with the reduction of the inflation rate. In some sectors, the investments in technology are essential for international competition.

Rafael Gorenstein, technical manager of the Bozano Simonsen bank, said that "all internal adjustments that enterprises could have made are in a quite advanced stage. The trend now is to refine the process."

Another reason for the search for progress through partnerships with other enterprises is the obtention of international credits. Says Factor bank director Joao Antonio Lopes: "While a small enterprise must pay annual interest rates of up to 50 percent, big companies obtain funds directly from foreign markets, paying 10 to 15 percent."

Even though Brazil is unquestionably Latin America's largest market for company mergers and transfers, it is still far behind the gigantic U.S. market, in which such operations mounted to $300 billion in 1994 and $440 billion in 1995.

The change in the market of mergers and transfers has not been only of a quantitative but also of a qualitative nature. The J.P. Morgan Bank, one of the first U.S. investment banks to start operating in Brazil, has witnessed the gradual modification of this type of deals. "During the 1980's, the most common operation was the removal of multinational company investments," says J.P. Morgan director Alfredo Gutierrez. Over the past two years, foreigners have renewed their interest, initially through the purchasing of minority stocks and, more recently, through purchases of majority stocks.

According to Price Waterhouse data, transfers, incorporations, mergers, purchases of minority shares, and "joint ventures" [preceding two words in English] have reflected that trend. In 1994, transactions of minority shares acounted for 35 percent of all deals, while transactions of majority stocks accounted for 25 percent. In 1995, the respective figures were 19 and 41 percent.

Despite the remarkable growth of the market of mergers and transfers in 1995, specialists believe that the greatest leaps in the average value of transactions will be made as of 1997. Booz-Allen consultant Maurizio Mauro believes that the biggest businesses and largest investments — especially in the capital goods and commodities [preceding word in English] sectors — will be made in 1997. "The market will be totally redesigned with the change in the fiscal structure and the effective and significant reduction of interest rates," he said.

**Brazil's Union Power Head on Social Security Talks**

*PY1302105196 Sao Paulo AGENCIA ESTADO in Portuguese 2121 GMT 12 Feb 96*

[FBIS Translated Excerpt] Sao Paulo, 12 Feb (AE) — Union Power President Luiz Antonio Medeiros today announced that his organization will no longer participate in the negotiations over the social security reform. "The government and the CUT [Sole Workers Center] are negotiating concessions," he said in reference to the arguments over public employees retirement conditions. "I am out of these negotiations," he said. The Union Power defends a single retirement system and the end of privileges for public workers. Medeiros said he does not want to be involved in this frivolous social security reform.

The Union Power now intends to contact some congressmen to attempt to include some of its own points in the reform. "What is really worthy now is the votes of the congressmen," Medeiros said. He said that some

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positive aspects of the reform include the replacement of retirement based on years on service with retirement based on years of contribution as well as a four-party administration. [passage omitted]

[Sao Paulo AGENCIA ESTADO in Portuguese at 2327 GMT on 12 February, in a related report, adds: "CUT President Vicente Paulo da Silva, Vicentinho, said today that the withdrawal of the Union Power from the social security reform negotiations 'is no news.' 'They never participated in the negotiations; they were out of them from the beginning,' he said. According to Vicentinho, with this attitude the Union Power is demonstrating lack of interest in the workers wishes. 'Their withdrawal does not mean anything; it only demonstrates that they agree with the privileges of the current system,' he said. Vicentinho said that tomorrow he will participate in another meeting with government leaders in Brasilia. He intends to continue with the negotiations and demand that the government include in the report of Deputy Euler Ribeiro the issues that have already been agreed upon. 'We will continue with the negotiations; I will not sign anything the way that was initially written in that report,' he said."]

**Brazilian Daily on Evolution of Landless Movement**

*PY0802143896 Rio de Janeiro JORNAL DO BRASIL in Portuguese 4 Feb 96 p 8*

[FBIS Translated Text] Sao Paulo — The uproar made in the final years of the military regime by landless people of Encruzilhada Natalino, in the northern region of Rio Grande do Sul State, has cost the country quite a lot. Several religious leaders had to leave the country and the name of [Joao Pedro] Stedile began to be constantly included in the reports of the intelligence community. Seeking to strangle the movement, the military regime sent to the region then Major [Armed Forces branch not further identified] Sebastiao Curio, who had just participated in repressive operations against the Araguaia guerrilla group. The regime also built up an encampment in the region with more than 2,000 soldiers.

Curio made the farmers' lives similar to hell and threatened the priests, but he did not succeed in arresting Stedile. The backbone of the MST [Landless People's Movement] resulted from this confrontation. "We either create a national, autonomous movement or the fight for the land will end. The [Catholic] Church may again change its points of view," Stedile said at the time. He had already experienced how the position of the Catholic Church leadership could change. First, they allowed the establishment of land pastoral commissions, then they supported the 1964 military coup.

**Politics**

The fight based on the preaching of the gospel was soon replaced by a more practical political line of action. The slogan of the movement — different from the clatter of former Deputy Fancisco Juliao's peasant leagues — became "occupy, resist, produce."

Stedile created the National Association of Agricultural Cooperation to give legal support to the movment and created specific coordination boards that looked after everything — from planning the occupations to training teachers to give classes in the encampments.

The MST has already been awarded two international prizes — the Alternative Nobel in 1991 and the UNICEF Education Award last year. It is pampered by leftist philosophers and is connected to nongovernmental organizations of various countries. Geographer Bernardo Fernandes confirmed: "It is the best organized movement in Brazil."

**Political Autonomy**

Stedile is the head of the movement, but he democratized decisions by creating a collegiate body made up of 80 leaders chosen from each settlement. These leaders comprise the national board and the coordinating boards. Regional leaders are connected to these boards and this gives political autonomy to the movement, although its main commander is affiliated to the PT [Workers Party].

Fernandes adds: "Not even the PT has an active voice in the MST. Each settlement already obtained from the government frees people to occupy other pieces of land. The MST is creating a peasant class in Brazil and this class is based in an empirical socialism that gives special emphasis to rural properties belonging to families. At a time when the leftist movements have lost their horizons, the MST is the only one in contraposition to the current administration's neoliberal project."

The MST designed by Stedile 15 years ago is currently responsible for 140,000 families living in settlements and 30,000 other families living in encampments along the country's roads. The extension of the territory taken away from big farmers already totals 6 million hectares — almost three times the size of Sergipe State.

**Brazil's Indigenous People Trade Land for Electricity**

*PY1302013796 Sao Paulo FOLHA DE SAO PAULO in Portuguese 8 Feb 96 Section 1 p 12*

[Article by Abnor Gondim]

[FBIS Translated Text] Indigenous tribes of the middle portion of the Negro River (Amazonas State) have given

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up 40 of the 2 million hectares of their land to enhance feasibility of the construction of a hydroelectric dam that will supply energy to the Sivam (Amazon Region Surveillance System) radars.

The unprecedented accord was signed at the end of last year. The area the indigenous tribes have given up will be used for the future lake and an environmentally-protected forest of the hydroelectrical dam, near Sao Gabriel da Cachoeira (northwestern region of Amazonas State), where a radar that will be used by the Sivam was installed last October.

In exchange for the 40 hectares, the leaders of the Foirn (Federation of the Negro River Indigenous Organizations) will demand the Aeronautics Ministry's support for the demarcation of their land, access to the electrical energy to be generated by the hydroelectric dam, and the construction of four health posts.

Colonel Carlos Pollhuber, Sivam regional superintendent, said that thanks to the accord, the Aeronautics Ministry will open the bidding for the dam's construction before March. The small hydroelectric dam will be built in the Miua bayou [igarape], which is a Negro River tributary.

According to Pollhuber, the ministry has resources to construct the dam and finish an 11-km road that will connect Sao Gabriel da Cachoeira to the construction site. The cost of the dam will be specified in the bidding.

The military officer said: "Resources for the road and the dam will come from the Commission for the Implemention of the Air Space Control System, and are not included in the $1.4-billion package being debated in Congress."

**Roundup of Brazilian Economic Reports Through 7 Feb**

*PY0702221696*

[FBIS Report] The following is a compilation of reports on economic activities in Brazil monitored through 7 February.

## BASIC LEADING INDICATORS

January Inflation Rate — The Economic Research Institute Foundation has reported that the inflation rate reached 1.82 percent in January, compared to 1.21 percent in December. The inflation rate grew because of increased costs for food, energy, telephone, and higher school fees. (Sao Paulo AGENCIA ESTADO in Portuguese 1054 GMT 5 Feb 96)

Banks Reduce Participation in GDP — The Brazilian Institute of Geography and Statistics, IBGE, has reported that the participation of private and public banks in the GDP dropped from 13.37 percent in 1990 to 9.1 percent in 1994. In 1990, private financial institutions accounted for 4.66 percent of the GDP, while public banks accounted for 8.71 percent. In 1992, public banks accounted for 5.73 percent, while private banks accounted for 5.1 percent. (Rio de Janeiro O GLOBO in Portuguese 5 Feb 96 p 14)

Unemployment Figures for December — The IBGE on 2 February reported that the open unemployment rate stood at 4.44 percent in December 1995, compared to 4.72 percent in November 1995 and 3.42 percent in December 1994. The rates are calculated on the basis of surveys in six metropolitan areas: Rio de Janeiro, Sao Paulo, Porto Alegre, Belo Horizonte, Recife, and Salvador. In December 1995, the number of employed persons increased by 0.3 percent on the previous month, and by 1.97 percent on the same month in 1994. On an annual basis, the number of employed persons in 1995 was 2.8 percent higher than in 1994. In 1995, the open unemployment rate stood at 4.64 percent, compared to 5.06 percent in 1994. (Sao Paulo AGENCIA ESTADO in Portuguese 1533 GMT 2 Feb 96)

## FINANCIAL OPERATIONS

Local Companies Bought by Foreigners — A growing number of Brazilian enterprises have been sold to foreign groups. Among them are refrigerator manufacturer Prosdocimo (Parana), which was bought by Electrolux; Biolab (Rio de Janeiro), a petrochemical company bought by the U.S. company Monsanto; Leite Alimba (Bahia), Cia. de Leite de Pernambuco, Lacesa (Rio Grande do Sul), Bolls (Bahia), Leite Teixeira (Sao Paulo), Leite Betania (Ceara) and Laticinios Santa Helena (Minas Gerais), were all bought by Italy's Parmalat; Pao Pullmann was bought by the Bunge group; Plascar and Carto, auto part manufacturers was bought by England's BTR; Durex, a battery factory, was sold to Mexico's Enermex; and Cola Tenaz was sold to Germany's Henkel group. (Sao Paulo VEJA Portuguese 7 Feb 96 p 37)

Foreign Investment — Foreign investment reached $3.2 billion in January, the highest foreign capital inflow since August 1995. This is a growth of 130 percent with respect to December when investments reached $1.42 billion. The total incoming capital in the financial sector reached $5.52 billion in January. After deducting the capital outflow, the balance stood at $2.35 billion. (Sao Paulo O ESTADO DE SAO PAULO in Portuguese 2 Feb 96 p B4)

Development Bank Budget — Planning Minister Jose Serra on 5 February announced that the budget of the National Bank for Social and Economic Development,

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BNDES, will be of 11.31 billion reals, R, in 1996. This is 59 percent larger than the budget for 1995. The minister announced that priority will be given to investments that will create new jobs. The industrial sector will get R5.6 billion of the BNDES budget, the infrastructure sector — energy, transportation, construction — will get R3.8 billion; agriculture will get R755 million; and the services sector will get R524 million. (Sao Paulo AGENCIA ESTADO in Portuguese 2234 GMT 5 Feb 96)

## FINANCIAL OPERATIONS

Investments in Automobile Sector — Car manufacturers Ford and Mercedes-Benz, tire manufacturer Goodyear, automobile part manufacturer Clark, and tractor and heavy duty vehicle manufacturer Komatsu have joined the automobile regime defined by the government. The enterprises will invest $5.6 billion by 1999, in exchange for fiscal incentives and subsidies. (Sao Paulo AGENCIA ESTADO in Portuguese 1645 GMT 5 Feb 96)

Agricultural Machinery Sales Dropping — Between April and December 1995, agricultural machine manufacturers sold only 201 harvesting machines on the local market, that is, 92 percent less than in the same period in 1994, when 2,506 units were sold. The local market bought 442 harvesting machines in January 1995 and 500 in January 1994. Sales in January 1996 were very low. The sale of agricultural machines dropped by 51.2 percent between 1994 and 1995. (Sao Paulo FOLHA DE SAO PAULO in Portuguese 5 Feb 96 Section 2 p 3)

Stock Exchange Investments — The net balance of foreign investments on the Sao Paulo stock exchange reached R694.7 million in January, compared to a net balance of R516 million in 1995, when foreign capital accounted for 27.8 percent of stock exchange operations. In the same year, financial institutions accounted for 41.3 percent of stock exchange operations. The Securities and Exchange Commission state that on 31 December 1995 of the total $11.460 billion in foreign capital in Brazil, 89.46 percent was invested in Brazilian stock exchanges. (Sao Paulo O ESTADO DE SAO PAULO in Portuguese 6 Feb 96 p B3)

Domestic Industrial Investment — A poll by the Sao Paulo State Federation of Industries, in which 686 enterprises were consulted, shows that 85 percent of enterprises made investments in 1995, and 13 percent used these investments to build new factories. The poll revealed that 81 percent of the enterprises will continue to invest in productive activities. In 1995, 21.84 percent of investments were in the chemical sector, 13.41 percent in paper and cardboard, 12.85 percent in food, 9.1 percent in iron and steel, and 7.63 percent in transportation. (Sao Paulo O ESTADO DE SAO PAULO in Portuguese 6 Feb 96 p B1)

## FISCAL, MONETARY ISSUES

State-run Company Budget — The Council for Coordination and Control of State Enterprises on 6 February published in the official gazette a resolution establishing the main expenses of federal government enterprises for 1996. The council authorized productive sector enterprises to spend R101.4 billion, while banks and financial agencies were authorized to spend R123.8 billion. The Eletrobras group was authorized to spend R1.864 billion, while the Petrobras and Telebras groups were authorized to spend R3 billion and R5.5 billion, respectively. These figures are 12 percent, 17 percent, and 35 percent, respectively, higher than the budget for 1995. (Sao Paulo AGENCIA ESTADO in Portuguese 2309 GMT 6 Feb 96)

Treasury Deficit — The Treasury has registered a deficit of over R1 billion. Revenues stood at approximately R7 billion. The government expects to balance its accounts this year, keeping the public sector's net debt at 30 percent of the GDP. In 1995, the Treasury deficit surpassed R4 billion, giving rise to an operational deficit of 1 percent of the GDP. It is estimated that government expenses surpassed R8 billion in January 1996, when payroll expenses surpassed R4 billion. (Sao Paulo GAZETA MERCANTIL in Portuguese 6 Feb 96 p A5)

## PRIVATIZATION

Advance on Privatization Funds — The National Bank for Social and Economic Development has released almost R1 billion for four states as an advance on privatization funds. The shares of the enterprises that state governments intend to privatize will guarantee the money will be returned to the BNDES. If states do not privatize the enterprises within a given period, the BNDES becomes the owner of the shares. The Rio de Janeiro government received R244 million; Rio Grande do Sul, R150 million; Minas Gerais, R440 million; and Parana, R120 million. (Sao Paulo O ESTADO DE SAO PAULO in Portuguese 4 Feb 96 p A15)

Petroquisa Shares Auctioned — Primus Broker agents on 1 February auctioned Petrobras Chemical Corporation shares at the Rio de Janeiro stock exchange worth R80.73 million. The brokers also sold 49.56 percent of the capital shares of Koppol Films, Inc., which were state owned, for R3.09 million. (Sao Paulo O ESTADO DE SAO PAULO in Portuguese 2 Feb 96 p B5)

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Decree Changes Status of Banerj — Rio de Janeiro Governor Marcello Alencar has repealed a decree that he issued in the second half of January 1996, through which he established the status of "temporary privatization" for the Rio de Janeiro state bank, Banerj. The decree ruled that the bank was no longer a mixed economy enterprise and that it could be managed like a private enterprise. The Rio de Janeiro Accounting Court already ruled that the decree was illegal and unconstitutional. (Sao Paulo FOLHA DE SAO PAULO in Portuguese 6 Feb 9 Section 1 p 6)

**TRADE ISSUES**

Compensation Requested from EU — On 2 February, Brazil asked the EU for compensation for the losses caused to Brazil after Austria, Finland, and Sweden joined the EU. After they joined the EU, those three countries lifted the tariff reductions they had granted on Brazilian products like grain coffee, instant coffee, tobacco, steel plates, and ethanol. (Sao Paulo O ESTADO DE SAO PAULO in Portuguese 3 Feb 96 p B3)

Taiwan Investment for Mercosur — The Eastern Industrial Park, in Minga Guazu, Paraguay, on 12 February will launch its products on the Paraguayan market. The park, built with Taiwanese capital, produces watches, telephones, car accessories, tools, and video games. The project, worth about $150 million, takes advantage of the prospects offered by the Common Market of the South, Mercosur. (Sao Paulo O ESTADO DE SAO PAULO in Portuguese 4 Feb 96 p B11)

Mission to Europe — A Brazilian technical mission headed by Agriculture Ministry official Enio Marques on 5 February begins a tour of Italy, Belgium, and Portugal seeking to facilitate Brazilian products on the European market. The main Brazilian request will be to include Brazil on the list of countries whose products are subject to a simplified export control system. (Sao Paulo AGENCIA ESTADO in Portuguese 2217 GMT 5 Feb 96)

January Export Figures — The Industry Ministry on 6 February reported that Brazilian exports reached $3.473 billion in January. This figure is 16.5 percent higher than exports in January 1995. (Sao Paulo AGENCIA ESTADO in Portuguese 1806 GMT 6 Feb 96)

Investment in Mercosur Automobile Industry — A study by the Center for Contemporary Culture Studies shows automobile industry investments in Mercosur until 1999 are equivalent to the total investments in the eight main emerging Asian markets. The study revealed that the automobile industry plans to invest $12.385 billion in Mercosur, compared to $12.89 billion in Vietnam, India, Thailand, China, Taiwan, Malaysia, Philippines, and Indonesia. (Rio de Janeiro JORNAL DO BRASIL in Portuguese 5 Feb 96 p 7)

Record Iron Ore Exports — Brazil exported 131 million tonnes of iron ore in 1995, mainly to Europe and Japan. This quantity, which is 6 million tonnes above 1994 figures, and which is a record for Brazil, reflects the 3.5 percent growth in the world iron and steel industry. Iron ore exports produced $2.516 billion. (Sao Paulo GAZETA MERCANTIL in Portuguese 5 Feb 96 p A1)

**Roundup of Brazilian Economic Reports Through 9 Feb**

*PY0902235996*

[FBIS Report] The following is a compilation of reports on economic activities in Brazil monitored through 9 February.

**Basic Leading Indicators**

Cement Production, Consumption Figures — In 1995, low-income sector people who build their own houses purchased 52 percent of the local cement production, which amounted to 28 million metric tons. This record surpassed the 27 million tonnes registered in 1980. Cement imports reached 420,000 metric tons in 1995, twice as much as in 1994. The largest local consumers account for 39 percent of consumption. (Sao Paulo GAZETA MERCANTIL in Portuguese 8 Feb 96 p A1)

Inflation Figures — The Interunion Department for Statistics and Socioeconomic Studies has reported that in Sao Paulo, the Cost of Living Index, ICV, for those earning between one and 30 minimum wages, rose 5.41 percent in January. This is the second-largest ICV since the start of the Real Plan. In July 1994, the ICV reached 7.59 percent. The January ICV was 3.52 percent higher than the December ICV, and 2.14 percent higher than the ICV in January 1995. For those earning between one and three minimum wages, the January ICV was 2.85 percent, and for those earning from one to five minimum wages, the ICV was 3.71 percent. (Sao Paulo AGENCIA ESTADO in Portuguese 1954 GMT 7 Feb 96)

**Financial Operations**

Japanese Investment — During President Cardoso's 12 to 15 March visit to Japan, the Japanese Government will formally offer Brazil $1.779 billion for infrastructure investments and for projects with positive environmental impact. This surpasses by 100 percent and by 500 percent the official Japanese investments in Brazil in 1995 and 1994, respectively. The sources of the investment is the Eximbank, which will provide $1.066 billion, and the Overseas Economic Cooperation Fund,

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which will provide $713 million. (Sao Paulo GAZETA MERCANTIL in Spanish 8 Feb 96 p A1)

Petrobras Reports Profits for 1995 — The Brazilian Petroleum Corporation, Petrobras, reported on 8 February that in 1995 its net profits were 570 million reals, R, compared with R1.74 billion in 1994. Total sales amounted to R20.83 billion, while the net income produce by sales amounted to R15.46 billion. The net value of company assets is R19.7 billion. Profits per 1,000 shares amounted to R5.25. Total debts amounted to R5.72 billion, while investments in 1995 amounted to R2.99 billion. (Sao Paulo AGENCIA ESTADO in Portuguese 2323 GMT 8 Feb 96)

Investment in Rio Telephone Services — The Rio de Janeiro Telecommunications enterprise will invest R1.3 billion in 1996, almost five times its investments in 1995. The enterprise will install at least 100,000 ordinary phones, 100,000 cellular phones, and 23,000 public booths in 1996. In 1995, the enterprise installed only 40,000 telephone lines. It plans to install 700,000 new lines before 1998. (Rio de Janeiro O GLOBO in Portuguese 7 Feb 96 p 25)

Petrobras Signs Contracts with Japanese Enterprises — Petrobras has signed contracts worth $2 billion with Japanese enterprises. The contracts provide for investment in offshore projects in oil production in Campos Basin, in tankers, and in other refining projects. The amount is equivalent to one third of the long-term credits of the investment program. (Brasilia Voz do Brasil in Portuguese 2100 GMT 9 Feb 96)

**Fiscal, Monetary Issues**

Money Supply — The money supply grew by R750 million in January. This shows a 3.5 percent expansion caused by larger deposits in the Central Bank at the end of January. Central Bank data shows that on 26 January 1996 the money supply stood at about R17.9 billion. (Rio de Janeiro JORNAL DO BRASIL in Portuguese 7 Feb 96 p 10)

Economico Bank Intervention Extended — Central Bank President Gustavo Loyola on 7 February extended for six months the intervention in the Economico Bank and its financial enterprises, in Pernambuco's Mercantil Bank, and in Sao Paulo's Commercial Bank. Intervention in these financial institutions was decreed on 11 August 1995. The law states that intervention can be extended only once. (Sao Paulo AGENCIA ESTADO in Portuguese 0005 GMT 7 Feb 96)

Tax Revenues — Tax revenues reached R7.1 billion in January 1996. This is 3 percent less, in real terms, than in January 1995. In December 1994, revenues stood at $8.31 billion. In December 1995 they dropped, in real terms, to $7.43 billion. (Rio de Janeiro JORNAL DO BRASIL in Portuguese 9 Feb 96 p 11)

**Trade Issues**

Electro-electronic Sector Registers Deficit — Nelson Freire, Brazilian Electro-Electronic Industry Association president, has reported that the sector registered a $5 billion deficit — the largest ever reported — in 1995, when importation of electro-electronic products reached $5 billion. (Sao Paulo AGENCIA ESTADO in Portuguese 1617 GMT 9 Feb 95)

List of Products Traded Within Mercosur — The Finance Ministry on 6 February released a new list of products not affected by the Common External Tariff, CET, of the Common Market of the South countries. The number of items dropped from 111 to 68, with 38 products paying above CET tariffs, 29 paying below CET tariffs, and wheat paying the same tariff. The new list protects textile, wine, and dairy products. (Sao Paulo GAZETA MERCANTIL in Portuguese 7 Feb 96 p A4)

## Colombia

**Colombia's Botero on New Accusation Against Samper**

*PA1302042396 Madrid EFE in Spanish 0315 GMT 13 Feb 96*

[FBIS Translated Text] Santa Fe de Bogota, 12 Feb (EFE) — Former Defense Minister Fernando Botero today revealed the existence of a letter sent on October 1994 by the Cali cartel chiefs to Colombian President Ernesto Samper where "they reminded him that they had contributed to his election campaign" and complained about police persecution.

"The Rodriguez (Gilberto and Miguel) were reminding Samper in writing that they had contributed to his presidential campaign without any matching guarantees for them or their relatives," Botero declared to the Office of the Prosecutor General, according to a report by the "CMI" television newscast. "In my opinion this letter was a bomb. The message could not have been more clear," added Botero who was director general of Samper's campaign and has been under arrest since this past August.

It is a letter "addressed directly to President Samper and signed by the two brothers. It was an original document. They expressed respect and admiration," the former defense minister stated.

In the letter the main leaders of the Cali cartel "in a very subtle manner, stated that they had gladly joined the cause at an opportune moment, and had modestly tried

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to help the cause without any type of counter guarantee," Botero insisted.

The document was sent to the Colombian president two months after coming to office, sometime during the month of October 1994, through antiques dealer Santiago Medina, former election campaign treasurer.

"I received an urgent call from Medina who brought the letter to Samper. The president either did not want to receive him or was not in Santa Fe de Bogota. I told him that I could not receive the letter but only take general notations. I was not willing to receive letters from individuals outside the law or transcribe its content," Botero stated to the prosecutor's office, according to "CMI" newscast.

Medina agreed "and continued reading the letter that must have been about one page and half" Botero added and said that after stating admiration and respect for Samper "they expressed their amazement for the persecution they were being subjected to by the government, the prosecutor's office, and the state."

The Rodriguez Orejuela brothers, Botero pointed out, "stated their surprise since they had already clearly indicated their interest to clear up their situation before the justice system, most naturally with all due guarantees."

The disclosure with respect to the existence of a letter takes place hours before Colombian Prosecutor General Alfonso Valdivieso is scheduled to present the file against Samper before Congress, and 20 days after Botero himself confessed that the president "was aware" about drug trafficking funds having financed his campaign.

**Colombian Electoral Council: Candidates Violated Limits**

*PA1302040596 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 13 Feb 96*

["Seven O'Clock Newscast"; monitored from Lima Sistema Unido de Retransmision Television in Spanish at 0100 GMT 13 Feb 96]

[FBIS Translated Text] A few minutes ago the National Electoral Council said that Ernesto Samper and Andres Pastrana's campaign exceeded the legally-established expense limits. As a consequence, the National Electoral Council today opened an informal investigation.

Attention: President Samper and former candidate Andres Pastrana must present themselves here, before the National Electoral Council, in the next few days to explain why their respective campaigns surpassed the legally authorized costs.

Likewise, the following must present themselves to answer for the Samper campaign: former minister [Fernando] Botero Zea, Juan Manuel Avella, and former treasurer Santiago Medina.

On behalf of the Pastrana campaign, in addition to the candidate, Mauricio Suarez, Claudia de Francisco, Luz Mary Fajardo, and Francisco Salazar, must present themselves. All of them because they were responsible for the accounts of the two presidential campaigns.

The Samper campaign spent 6.479 billion pesos — 2.4 billion more pesos than what the law authorizes. The Pastrana campaign overshot its expense mark by 1.119 billion pesos. There is information missing from several cities, which have not been reported.

[Begin National Electoral Council President Oscar Jimenez recording] The amount cannot be too precise because every day in Colombia documents will appear until the end of the century with documentary proof of this. [end recording]

The National Electoral Council clarified that its investigations cannot establish the origin of the funds. Vice President Humberto de la Calle and former vice president candidate Luis Fernando Ramirez Acuna will be called for preliminary questioning to establish their possible responsibility in these irregularities.

**Colombian Justice Minister: Government Backs Prosecutor**

*PA1202152096 Santa Fe de Bogota Radio Cadena Nacional in Spanish 1200 GMT 12 Feb 96*

[From the "RCN Radio Events" newscast]

[FBIS Translated Text] Justice Minister Carlos Medellin Becerra has said the government supports the Prosecutor General's Office and the Supreme Court of Justice in all their decisions. He said the Colombian judicial system is working and is in charge of the investigations being undertaken on the alleged infiltration of drug trafficking money into the President Ernesto Samper Pizano's campaign. The justice minister reiterated that the national government is the one most interested in the conclusion of the investigations and finding who is responsible.

Medellin Becerra said there might be some impatience with the judicial process at this time, but he indicated that the government itself has asked the Prosecutor General's Office on different occasions to send the evidence to the Chamber of Deputies Accusations Committee as soon as possible.

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**Colombian Prosecutor To Accuse Samper of 5 Crimes**

*PA1202150096 Santa Fe de Bogota Radio Cadena Nacional in Spanish 1200 GMT 12 Feb 96*

[From the "RCN Radio Events" newscast]

[FBIS Translated Text] The news media has reported that Prosecutor General Alfonso Valdivieso Sarmiento will accuse President Ernesto Samper Pizano of five crimes as established in the investigation of the suspected financing of his election campaign by drug trafficking money. Valdivieso Sarmiento will present the charges against the president at Congress tomorrow, Tuesday, 13 February. He will submit the evidence and affidavits gathered in the last 18 months.

According to a report of the weekly SEMANA, the prosecutor general worked for several days with a group of criminal law experts and reviewed the collection of leaks of the content of the case, consulting sources in his office. According to the magazine, the alleged crimes committed by President Samper Pizano are illegal enrichment, breach of trust by omission [prevaricato por omision], abuse of authority by omission of denunciation, procedural fraud [fraude procesal], and fraud [estafa].

With regard to illegal enrichment, it is indicated that the Supreme Court of Justice has backed a large part of the material of the Prosecutor General's Office on this crime. According to the president's closest aides, Fernando Botero Zea and Santiago Medina, Samper prevented the pursuit of the Cali cartel chiefs during the first half of his first year in office. According to those statements, the president sought to give Gilberto and Miguel Rodriguez Orejuela and his associates time to surrender to justice. If this charge is proven, he would have committed breach of trust by omission.

The SEMANA report acknowledges that although it has not been fully proven that the president knew about the entry of illicit money into his campaign, it has been shown that once elected, he had to have understood what happened because of the information he had and the publication of other disclosures. As a result, he should have presented a formal complaint against those who handled his campaign but did not do so. Therefore, he committed abuse of authority by omission of denunciation. The SEMANA report concludes with the most solid accusation, the one that up to a short while ago had not caused much impact among the public: The campaign more than exceeded the legal limits established for its financing.

**Colombian Prosecutor To Present Complaint Next Week**

*PA1202205796 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1830 GMT 12 Feb 96*

[From the "National Newscast"]

[FBIS Translated Text] Next week, Prosecutor General Alfonso Valdivieso will present to the Chamber of Representatives' Accusations Committee a formal complaint against President Ernesto Samper. During a meeting with financial groups at the headquarters of the Banking Association this morning, Valdivieso said that he has only now finished the compilation of the new evidence he received regarding the alleged infiltration of drug-related money into the Samper presidential campaign. As a result, the complaint will not be filed tomorrow as had been indicated.

However, Valdivieso did make a commitment with the financial groups to speed up the so-called Case 8000.

**Colombia's Samper Address on Fight Against Drugs**

*PA1202204496 Santa Fe de Bogota Radiodifusora Nacional de Colombia in Spanish 1721 GMT 12 Feb 96*

[Address to the nation by President Ernesto Samper Pizano at Narino Palace in Santa Fe de Bogota — live]

[FBIS Translated Text] Mr. Attorney General, Mr. Public Defender, Mr. Comptroller General of the Republic, Mr. National Planning Director, Ms. National Narcotics Director, Messrs. Generals and Admirals, Deputy Ministers, Governors, Director of the Liberal Party National Directorate, Honorable Congressmen, Messrs. Representatives of International Organizations, Messrs. Secretaries and Advisers of the Presidency, special guests, ladies and gentlemen:

Since I took office as president on 7 August 1994, just as I promised Colombians, my government began to work on drafting and designing an overall policy against drugs that would allow us to overcome the scourge of drug trafficking in Colombia at the end of my mandate. One year ago, in this same place and before this same audience, I announced the lines of action of what my government's overall policy to fight drugs would be. At that time, I said that Colombia would abide by its commitments, regardless of any pressure or coercion. I said that for us the war on drug trafficking was motivated by our profound conviction regarding the severe harm that this activity inflicts on national security and the stability of the institutions of Colombian democracy. I reiterate this statement in a clear manner.

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Today, I want to give you an optimist report of what we achieved last year. Never had a government, as I will demonstrate in his speech, been able to achieve so much in such a short time against drug trafficking. The balance of the Shine Operation [Operacion Resplandor] that we got underway to eradicate illicit crops cannot be more satisfactory. In 1995, we destroyed 25,466 hectares of coca plants and 4,296,000 hectares of poppies, representing a 40 percent improvement over the previous year, rather, a 400 percent improvement over the previous year.

This means that in the months of my government we have reduced illicit coca plantations by one half and poppy plantations by 40 percent. Can any other government show similar results? I honestly doubt it. In fact, I can assure you that if we had a bigger air terminal and if we had not had to face militarily the 35 guerrilla fronts that are currently involved in protecting the drug crops, the results would have certainly been greater.

These achievements were possible without sacrificing the environment. The ecological audit office we established last year has allowed us to check step by step that the eradication does not go against the necessary protection of our natural resources. Those who destroy the environment, in some instances irreparably, are the individuals destroying our forests and drying up our sources of water to sow illegal plants.

Eradication programs in all cases had the support of the National Alternative Development Plan, Plante, as I announced last year. With an investment of over $12 million, Plante went hand in hand with the eradication, with subsidized loan packages, technical assistance, marketing of crops, and opportunities for rural jobs to all small-scale farmers who not only felt the weight of the compulsory eradication of their illegal parcels but also received the generous hand of a state program that provided them solutions to find legal means of productive subsistence.

In the departments of Putumayo, Caqueta, Tolima, and Huila, crops of beans, rice, and corn already outnumber the former crops of coca, poppy, and marijuana, thus transferring key benefits to approximately 7,000 families.

In 1995, the government continued very strongly the tasks of the interdiction and the industrial processing of drugs.

In 1995, the National Police, the Army, the Navy Infantry, and the Joint Commands conducted more than 298,600 antidrug operations at a cost higher than $118 million. During these operations, chemicals were seized, laboratories and landing strips were destroyed, and the entrance of coca paste to Colombian territory was precluded.

The information cannot be more categorical. A total of 573 laboratories were destroyed compared to 551 in 1994. Eighty airplanes were intercepted as opposed to 30 in 1994, and 87 vessels as opposed to 45 in 1994.

Regarding raw materials, the figures could not be more enticing: an increase of 576 percent was registered compared to the previous year. With these actions, we continue nipping in the bud the industrialization process of the drug.

The tasks that were also undertaken to counter the drug trafficking distribution networks constituted an indispensable complement of this action.

As I announced a year ago, we set up a Coast Guard post in the Archipelago of San Andres. This move was complemented with the militarization of the management of the airport in San Andres and a joint surveillance and control action by the Navy Infantry and the Police via what is known in government circles as White Beach Operation.

We improved the electronic conditions to intercept aircraft in the country's main airports, and we outlined a plan in the eastern area to complement our network of radars.

The strategy is to firmly shut the doors to prevent the access and exit of the raw materials and the processed drug in the national territory.

A year ago, I stated categorically my government's unrelenting determination to fight, with all the available means, the drug cartels.

Last year, 2,634 drug traffickers were arrested: 106 of them were foreign nationals have already been put in a safe place. Some of these drug traffickers were well known capos in their own countries, for instance, Peru and Venezuela.

To implement this strategy, since the beginning of my administration, we began to explore measures and policies, which began to bear fruit in mid-1995, with the arrest of the so-called Cali cartel.

The strategies we followed were clear. The first strategy, which guaranteed our success in dismantling the cartel, was the purge and the reorganization of the National Police, beginning with the Cali Police Force and its Search Bloc, which, at the time, was merely a symbolic name that lacked a strategy, direction, and was regrettably pervaded by drug trafficking.

Our first step was to obtain sophisticated electronic tracing equipment. We later proceeded with the purge of the

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operational cadres of the National Police, particularly, those related with the city of Cali.

Exercising precise legal powers, 244 officers, 360 non-commissioned officers, 306 executive officers, and 2,284 agents were removed from service. With the assistance of major foreign intelligence organizations, we set up the Search Bloc, a sophisticated unit of operational intelligence, formed by 250 of the best men of the Colombian Police.

We established a system of huge rewards that facilitated the task of locating and arresting criminals.

The appointment of General Rosso Jose Serrano was also one of the right decisions we made that facilitated the fulfillment of this task.

Allow me to make a few brief considerations about this, which I reiterate, is the most important action contained in the review I am now presenting to you.

No one can justifiably claim the arrest of the cartel.

As in the story of Fuenteovejuna, the merits can be claimed by all, the police, the Prosecutor General's Office, the Armed Forces, and authorities of friendly countries.

All of them, through a coordinated action, starting with the presidency, achieved this result, the benefit of which we all want to share with the entire international community. All of this was obtained — listen well — without firing a single shot and without killing a single person.

Throughout this struggle, I have always stated that the government's objective was not to force the events or to violate the law, which could lead to the reappearance of terrorism in Colombia. When I was sworn in president, I promised all Colombians that I would do everything possible to avoid the narcoterrorism nightmare.

There is a appalling museum in Israel. It is a museum dedicated to the Jewish holocaust. There is a sign on the door, which I have been unable to forget. The signs reads: Never again.

Allow me to give you an example of what the narcoterrorism period was like in Colombia.

The message reads: In our blood they shall live.

We have also worked in initiatives to reduce our own increasing levels of consumption.

We are conducting campaigns against drug addiction, which we announced last year. The Deputy Youth Ministry has initiated campaigns in all municipalities for the prevention of this epidemic.

Our greatest contribution to the reduction of world consumption is represented by the effects of what the confiscation of processed drug and raw materials will have on the reduction of world consumption. These drug confiscations, to which I have referred, measured in consumption doses, represent 4.2 trillion (4.2 billones) of doses of cocaine and 1.3 trillion (1.3 billones) doses of heroin.

Colombia expects the international community to correspond to this effort by toughening its laws against the consumption of narcotics within its own borders and developing effective programs to fight, what has unfortunately become, a true drug culture.

Last year, we also decided to create a legal framework to continue with the legal fight against drugs. The statutory law, the validity of which, was recently ruled by the Constitutionality Court, represents a step forward in the duty to strengthen the justice system's unified action.

The anticorruption statute included money laundering as a crime for the first time in Colombian legislation.

An interinstitutional commission for the control of the laundering of assets drafted the first line of action on this front last week.

In the international field, Colombia has actively worked in the commission created by the OAS to move on with the proposal, which was also presented by my country at the hemispheric summit in Miami, to sign in the immediate future a regional convention to fight the laundering of assets. A new information system will allow us to carry out more clear actions in the fight against the profits obtained by the drug traffickers.

We reinforced the organization and the intelligence and operation methods of the counternarcotics agencies that operate in Colombia, in particular those of the National Drug Directorate and the Administrative Department of Security, DAS.

Once again I wish to stress to you the importance that having efficient judicial cooperation has for the continuation of this struggle by my country. This was understood by President Clinton in his speech to the United Nations when he stressed that only joint work by our countries will let us take significant steps in this struggle which is as monumental as the interests involved in the drug business.

This was also understood by the European leaders in December when, meeting in Madrid, they signed the convention for the control of chemical materials, and by the EU a few days ago when it backed Colombia's entry in the European convention against the laundering of assets derived from illegal activity.

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We cannot do it alone. The drug barons are the only ones who benefit from a break in the channels of international cooperation among our countries against drug trafficking.

The actions I have mentioned cost the country close to $984 million. Of that sum, we receive less than 20 percent in international aid. If you estimate how many schools, how many jobs, how many rural roads, how many housing subsidies we could generate with all these resources, you will know perfectly well why it is so important for Colombia to throw off this costly yoke of drug trafficking.

This year's goals for the development of this comprehensive policy against drugs are clear and ambitious:

1. Get Congress to approve a new law on penalties for organized crime, which will more severely punish such forms of crime as terrorism, drug trafficking, and kidnapping.

2. Continue the operation in pursuit of the drug trafficking gangs that at the regional level are trying to replace the former Colombian drug cartels.

3. Reduce by 50 percent the drug addiction levels in Colombia.

4. The government will continue supporting the judicial authorities so they may speed up the pending trials of the drug traffickers imprisoned in the high security blocks of our jails.

4. [number as heard] Wage the final battle against illegal crops to fulfill the promise to turn over, at the end of my term, a country free of a single hectare of planted illegal crops.

5. Compensate the eradication action with the Plante program through the investment of $70 million in alternative supports this year.

6. Develop intelligence and control strategies to combat the laundering of financial assets.

7. Get the approval of a bill on the extinction of ownership of assets or property associated to organized crime.

8. Strengthen the work of the Inter-Institutional Commission to combat the laundering of assets.

9. Reach international cooperation agreements for the control of laundering of assets, promotion of Plante, and exchange of legal evidence.

10. Development of the Clean Borders Plan to perfect the systems of interception of shipments in and out of Colombian territory.

Our struggle has undoubtedly been successful. No one should have any doubt about my government's resolute determination to continue fighting drug trafficking without rest or mercy.

It is true, and I admit it, that we have experienced stormy times and difficulties in recent months as a result of well-known accusations about a possible infiltration of illegal money in the past presidential campaign. For some, this situation raises a rupture that can only be resolved by disregarding the principles established by our Constitution on due process and the judgment of persons with adequate guarantees. For them, the solution is to ignore the state of law. For the person speaking to you, the president of the Republic, this crisis has been the best trial by fire of our democratic institutions' strength to resolve a conflict of such magnitude without transgressing the law or overstepping the institutionality of the Republic.

I have the satisfaction that despite all the complications, you are witness to the fact that the prosecutors in this country have been free to investigate, that the judges are fulfilling their duty of judging, that the media have been able to inform without any restriction, that the Armed Forces continue to be watching over public order in the Republic, and that the government has not stopped — as I am showing this morning with concrete results — governing a single minute.

As far as my own conduct is concerned, I calmly await the opportunity the Constitution provides me to prove, in a public trial, the transparency of my behavior. This is what I have promised Colombia and I will keep my promise to the Colombians.

No country with a significant presence of drug trafficking can declare itself immune from what is happening to Colombia. The important thing is that we have the ability to react and to do so rapidly and effectively as we are doing.

That is and will continue to be our watchword. That is demanded of us by the memory of the 584 members of the Public Force and the security agencies whose lives were sacrificed in this struggle in 1995, and for whom we will continue to combat without mercy this scourge that has cost so much sorrow to Colombia.

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**Colombia's Samper Defends Due Process in Case**

*PA1302034096 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 13 Feb 96*

["Seven O'Clock Newscast"; monitored from retransmission by Lima Sistema Unido de Retransmision Television at 0100 GMT 13 Feb]

[FBIS Translated Text] President Ernesto Samper has defended due process in his trial case.

[Begin Samper recording] This crisis has been a big trial by fire that has shown the solidity that our democratic institutions have in order to resolve a conflict of this scope without breaking the country's laws or institutionality. [end recording]

This is how President Samper described today the crisis he has been enduring, only a few hours from the moment the prosecutor presents charges against him after former Defense Minister Fernando Botero's latest version on the case became known.

[Begin Samper recording] As far as my behavior is concerned, I calmly await the opportunity which the Constitution affords me to prove my honest conduct in a public trial. [end recording]

The chief of state said that he is not going to push any situation or violate the law because if he did, terrorism could reemerge in Colombia.

**Colombian Air Force Officers Withdraw Support for Samper**

*PA1302042796 Santa Fe de Bogota Radio Cadena Nacional in Spanish 0345 GMT 13 Feb 96*

[FBIS Translated Text] There has been a communique issued by certain Colombian Air Force [FAC] officers who have withdrawn their support to President Ernesto Samper Pizano and have demanded his resignation in what has been described as a split in the Armed Forces' top leadership.

We cannot defend a government that attained power through the admitted support from drug trafficking and all its corrupt system, the communique says. It is signed by mid-level and lower-level FAC commanders. President Samper's resignation is the first step so that Colombians can once again believe in our institutions, the communique says. It seems that there is not a total unit of criterion, especially inside the FAC. The officers say that they no longer can defend a constitutional order when the head of the executive branch totally lacks dignity, ethics, and civil responsibility, and does not place the general interest above his personal ambition and particular benefit.

We do not believe in Congress' interpellation [juicio politico], the FAC spokesmen said — officers who expressed their opposition that the president continue in office.

**Catholic Church Urges Colombia's Samper To Resign**

*PA1302035396 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 13 Feb 96*

[From the "Seven O'Clock Newscast"; monitored from a retransmission by Lima Sistema Unido de Retransmision at 0100 GMT on 13 Feb; passages within quotation marks recorded]

[FBIS Translated Text] On 12 February, the Catholic Church assessed the crisis through which President Ernesto Samper is going. Bishops' Conference President Monsignor Pedro Rubiano said that the president must request a temporary leave of absence. Amilcar Hernandez has the story:

[Hernandez] The institutional crisis on 12 February interrupted even the prayers at the bishops' assembly. The priests' prayers favored asking President Samper to resign. They believe that he cannot govern and defend himself at the same time.

[Garzon Bishop Libardo Ramirez] "For Colombia's sake, a timely resignation from Samper would have been better. As an honored man, he should have rejected these contributions to his campaign."

[Hernandez] Meanwhile, the president of the Bishops' Conference insisted that despite the polls, he will not open the controversial envelope President Samper gave him.

[Rubiano] "If he asks me to return it to him, I will return it. I believe that a mountain has been made out of a molehill. They [not further identified] have wanted to involve me in this case. I have read certain articles on the Church, as if we were part of a unhealthy conspiracy."

[Hernandez] The chief of the Colombian church announced that he will visit the Rodriguez Orejuela brothers at La Picota Prison. He explained that his visit is a pastoral visit, similar to the one the Cali bishop made a few days ago.

[Cali Bishop Hector Gutierrez] "We do not have to talk about extradition or any other similar issue. This is a sheer political case, and it must be handled by those whom we elected to wisely govern us."

[Hernandez] The bishops believe that the extradition is a trial by fire for the country. In addition, the

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Colombian church rejected the popular consultation President Samper proposed and asked him to urgently resolve the crisis within the legal framework.

**Situation of Colombia's Serpa 'Worsened'**

*PA1302041596 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 13 Feb 96*

[From the "Seven O'Clock Newscast"; monitored from a retransmission by Lima Sistema Unido de Retransmision at 0100 GMT on 13 Feb]

[FBIS Translated Text] According to a report the Univision Television network has broadcasted, the situation of Minister Horacio Serpa seems to have worsened this evening.

[Unidentified reporter] The Prosecutor General's Office will reportedly conduct a preliminary investigation on Interior Minister Serpa and will reportedly subpoena him to testify before a court regarding the Case 8000. A new element in the process emerged on 12 February: Conservative Deputy Pablo Victoria told Univision that he has a 15 million peso receipt showing that Serpa received money from Santiago Medina, who had reportedly collected it during the campaign for the runoff presidential elections. This money, according to Victoria, came from drug traffickers.

Fernando Botero's assertions to faceless prosecutors constitute another issue that complicates Serpa's situation. Botero accused the minister and Ramiro Bejarano, former DAS [Administrative Department of Security] director, of trying to cover up everything that was going on inside the government and of lobbying the Council of State to have the prosecutor general removed.

**Colombia's Electoral Council Queries Campaign Leaders**

*PA1302043996 Madrid EFE in Spanish 0119 GMT 13 Feb 96*

[FBIS Translated Text] Madrid, 12 Feb (EFE) — Humberto De la Calle Lombana, Colombia's vice president and current ambassador to Spain, said today that he performed no administrative or financial duties during the past presidential campaign in Colombia, due to which he is satisfied and at peace.

This was De la Calle's response at dawn on Tuesday in Spain (2050 GMT on Monday) to Colombia's National Electoral Council (CNE), which officially announced that it is opening formal administrative investigations of the presidential campaigns of Colombian President Ernesto Samper, a liberal, and his conservative political adversary Andres Pastrana.

The CNE said that formal investigations will be opened against 1994 vice presidential candidates Humberto de la Calle a liberal, and Luis Fernando Ramirez, a conservative, after they render testimony at the CNE.

"I thank the CNE for having offered me the opportunity to explain my connections with the past presidential campaign although, as is publicly known, I performed no administrative or financial duties of any sort, and my involvement in the campaign began at about the time of the electoral debate," De la Calle said in a communique.

In the same document, delivered to EFE, the vice president asserted that "I have nothing against providing all of the explanations that may prove necessary, and I wish to inform the general public that I am satisfied and at peace because of this."

According to the CNE, the Samper campaign filed 6.479 billion pesos ($6.4 million) in expenses, and Pastrana's filed 5.119 billion pesos ($5.1 million), when by law they should not have surpassed 4 billion pesos ($4 million).

CNE President Oscar Jimenez Leal says that his organization has concluded a preliminary investigation and is beginning the formal administrative investigation phase, for which it will summon the two campaigns' financial teams for testimony.

He added that it has been decided that Samper and Pastrana, the main candidates themselves, will be summoned for the formal administrative investigation. Also to be summoned are the two campaigns' general managers, legal representatives, and auditors.

The CNE's decision implies that testimony will also be requested of former Defense Minister Fernando Botero, the Samper campaign's legal representative; Juan Manuel Avella, assistant campaign manager and administrative manager; auditor Alfonso Escobar Barrera; and accountant Hector Elias Bohorquez.

The CNE accused Sammper's electoral campaign of having filed figures "that did not coincide with what was really spent."

The source added that an administrative investigation has been opened against Pastrana, Mauricio Suarez Copete, his campaign's legal representative; treasurer Claudia de Francisco; accountant Luz Mery Fajardo; and Francisco Salazar Martin.

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**Colombian Students Interview Prosecutor on Case 8000**

*PA1302121596 Santa Fe de Bogota EL ESPECTADOR in Spanish 11 Feb 96 p A6*

[Passages within slantlines published in boldface]

[FBIS Translated Text] Prosecutor General Alfonso Valdivieso Sarmiento has accepted the invitation made by the administrative staff of Sergio Arboleda University to attend the opening of its School of Social Communication and Journalism. As if it were a heavy interrogation, the students displayed the talents that have made them pursue a career in asking questions. They left almost nothing unquestioned to a personality whom any reporter would consider the news.

This news conference constituted a good summary of the prosecutor general's position on Case 8000, especially now that his crucial intervention in the case is about to happen next week.

/What is your opinion on lifting the legal secrecy regarding President Samper's case?/

[Valdivieso] I believe we all like the issues to be analyzed openly, without any type of restrictions or limitations, but the case on President Samper is being made public at the investigative phase, and the secrecy of the prosecutor general's investigations will remain in place, because it is contemplated in our regulations and codes. We will have many pieces of evidence from the prosecutor general. This evidence is already common knowledge regarding the congressional process but remains a secret for the Prosecutor General's Office. It is here where the difficulties lie. I do not favor the lifting of the confidentiality of the proceedings as long as the Penal Procedures Code is not revised.

/What is your opinion on the investigations into the murder of Elizabeth Montoya de Sarria, and how are they progressing?/

[Valdivieso] It is a very regrettable incident. Regarding the investigations of the Prosecutor General's Office, Mrs. Sarria had been subpoenaed to testify. It had been impossible to carry out the subpoena. This is why there has been a great deal of talk on the fact that she would have been a key witness in Case 8000 against the president. Unfortunately, these are incidents that have triggered a great deal of speculation. I will keep to myself the best intentioned interpretations, but we do not know what the reasons for the crime could have been.

/What will be, in your opinion, the political and economic implications of a likely guilty verdict for the president?/

[Valdivieso] The president himself has said he has no choice but to leave his post in case of a guilty verdict, and I completely agree with him. From an economic viewpoint, I would say it would translate into an evolution and would probably allow the country to improve its conditions in light of a climate of instability.

/What charges are you lodging against the president?/

[Valdivieso] The Prosecutor General's Office has insisted that it would very likely lodge an accusation regarding penal matters in view of recent events and that it would do this once the affairs that have virtually prompted the current situation and Congress' summoning conclude. Thus, I have no possibilities of responding for the time being.

I must give an explanation, however. The Prosecutor General's Office cannot judge the pieces of evidence it has, because the assessment proceeds when the investigations end. What I can do, however, is to make an accusation, and this is not a prerogative but, rather, an obligation.

**Colombia's Medina Protests Publication of Testimony**

*PA0902193796 Santa Fe de Bogota EL TIEMPO in Spanish 8 Feb 96*

[Received via Internet]

[FBIS Translated Text] Former Samper campaign treasurer Santiago Medina Serna has claimed his right not to have made public by the media the details of supplementary testimony to an affidavit made during an inquiry before the Prosecutor General's Office.

In a letter sent to this newspaper, Medina has alluded to the murder of Elizabeth Montoya de Sarria and has expressed his opposition to the 4 February publication "when there are perverse individuals determined to eliminate all witnesses of the so-called Case 8000."

Immediately after Montoya de Sarria's murder, EL TIEMPO published excerpts of Medina's deposition in which he explains the relationship between Mrs. de Sarria and the presidential campaign.

The following is the text of Medina's letter:

Mr. Hernando Santos Castillo

EL TIEMPO Director.

I have been aware for some time now that this newspaper had been able to obtain a copy of the supplementary testimony I made during my 12 September 1995 deposition before the prosecutor general. I was very pleased

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that weekend when I was told your newspaper was planning to publish the entire text of the supplementary testimony, something which you ultimately have failed to do.

Today, I would like to express my strongest opposition to your decision to make it public this past 4 February, when hard facts indicate that there are individuals interested in eliminating all witnesses linked to Case 8000.

I have always opposed the publication of evidence subject to confidentiality, and, beforehand, I publicly declare that as your reporter Edgar Torres can attest, neither now or during any other previous occasion have I or anyone related to me disclosed information to the media, nor have I been the one to violate any proceedings of confidentiality: Thus, this is the way it will be made clear once the Prosecutor General's Office completes its investigation of interviews with CNN and TVE.

It is my understanding, as my defense attorneys have stated on another occasion, that the public has a right to know everything about a process as sensitive as this one, but at the same time, I demand that my rights not be publicly violated by divulging sensitive details about my statements when evidence indicates there are individuals interested in eliminating all Case 8000 witnesses.

In light of such conditions of defenselessness, I can do no less than make that newspaper responsible for anything that may take place resulting from any attempt on my life stemming from the publication of my 28 July and 12 September testimonies.

Regarding the rest, I have requested that the Prosecutor General's Office inquire about how the text of the affidavit proceedings got to the newspaper as well as who authorized its publication.

I believe the news does not justify itself. Thus, I refuse to believe that your newspaper is willing to sacrifice the rights if all citizens simply for the sake of news.

Sincerely,

Santiago Medina Serna

C. 19.133.094 Bogota

**Colombia: Factors Affecting Ongoing Crisis Examined**

*96SM0102A Santa Fe de Bogota SEMANA in Spanish 6 Feb 96 pp 30-33*

[Article: "Intensive Care"]

[FBIS Translated Text] *The patient did not die, but he is not out of the hospital either! Whatever will happen next?*

Ernesto Samper was not brought down by Fernando Botero's confession, but he very nearly was. Following General Cifuentes' resignation, 45 generals met to consider the options. If a collective resignation had come out of that meeting, as was in fact rumored, Humberto de la Calle would now be in the Casa de Narino [Executive Mansion].

However, a combination of good luck and skillful maneuvering provided Samper with a life jacket just as he was about to drown.

The former Liberal presidents' position paper backing the social "leap," the trial in Congress and De la Calle's succession sent contradictory messages of support and abandonment, but they did provide him with a breather. From then on, the excellent speech delivered in Congress, the fact that Carlos Lleras de la Fuente did not resign, and Morris Harf's acceptance into the Foreign Trade Ministry kept Samper afloat, a feat deemed impossible four days previously.

The fact nevertheless remains that the patient is not yet on his feet, but rather, in intensive care. Even though Botero's "Yes, he knew" did not deal him the coup de grace, it has turned into a spectre that has never left him since the night of the meeting with Yamid Amat. The government was gravely wounded, in Colombia and abroad. And although the pressure of public opinion last week did not push him over the edge, one must remember the maxim that governments fall not so much because they are corrupt, but because they are weak. And rarely have the Colombian people ever seen a government as weak as this one.

The message of a man unjustly persecuted which Samper sent in his speech last Monday afforded him a kind of reprieve and popular support. Nonetheless, his main problem is not that half of the Colombian people are behind him while the other half are against. This is common to all presidents. Rather, his real problem is the degree of indignation felt by a large share of his opponents. The drug dimension of the scandal weighs far more heavily than the traditional unpopularity of bad governments.

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Politically speaking, the chief of state was left with very little room in which to maneuver. He has no organized political base except for the disciplined Liberal parliamentary majorities. This inevitably happens in Colombia, where there is always bureaucratic voraciousness, dissidence, and "Johnny-come-latelies" ready to "save the nation" if their cut is good. A government may survive in this manner, but it cannot govern. And this will apparently be the political reality of the months ahead.

When Ernesto Samper was about to fall, a number of informal meetings were held to examine what has been called "a dignified departure." Friends and enemies of the president met on several occasions in the understanding that Samper might consider the possibility of removing himself if he were not simply whisked out the door. The time frame they had in mind was a matter of weeks and, in any case, before the certification of the United States, which will take place on 1 March.

**Focusing Energy**

This will no longer happen. Having recovered from his initial panic, Samper is currently focusing his energy more on staying in office rather than on resigning. He is aware that he can ill withstand any more roundhouse punches like that thrown by Botero. Public opinion blows that will suddenly unseat him from the Casa de Narino will probably not be landed. Staying in office will then be a matter of halting his gradual weakening as a ruler. Barring further spectacular revelations, only three concrete facts could have fatal consequences: the accusation of the Prosecutor General's Office; noncertification by the United States; and the trial he has requested in Congress.

The accusation will come from the Prosecutor General's Office in mid February. Except for Prosecutor Alfonso Valdivieso, all Colombians have reached their own conclusions about the Case 8,000 this past year, and Valdivieso is the only one with all the information. Some well-informed sources say he is drafting a document containing his own conclusions about what actually happened during the Samper campaign. To a large extent, the chief of state's fate will depend on the substance and tone of this analysis. The same sources expect it to be a formal accusation against the president that will be submitted to the House of Representatives Accusations Committee, where the trial in Congress would start. This document will very possibly demonstrate that several billion pesos were indeed contributed to Ernesto Samper's presidential campaign, but that there is no absolute proof that he knew it.

Absolute proof in criminal law is very difficult to obtain. One has but to recall the famous trial of the American football player O. J. Simpson. The presence of his former wife's blood in his vehicle and residence were not sufficient to convince a jury. In the case of Ernesto Samper, such absolute proof has not yet appeared. Many signs point to him, but we do not know what conclusion the judges will form from them. Whatever the case, since criminal responsibility will always be debatable, the battle lines will be drawn around political responsibility. In other countries, given a fact of such gravity, a resignation would be required. Colombia has little precedent in this area and new ground will have to be broken.

The other decisive factor may be the certification by the United States. As is always the case, there are two sides in high government circles in Washington. The hard line is represented by the new antidrug czar, the former commanding officer of the American Armed Forces in Panama, General Barry McCaffrey, and the undersecretary for drug affairs, Robert Gelbard. Backed by Jesse Helms in Congress and Republican "think tanks" headed by the Heritage Foundation, they oppose Colombia's certification as long as Ernesto Samper is in power. The soft line, traditionally taken by the State Department represented by Assistant Secretary for Inter-American Affairs Alexander Watson and by Michael Skol, Deputy Assistant Secretary for Inter-American Affairs, is weakening. Both of these officials are in the process of resigning their posts.

This has generateded an imbalance between the two factions, but even so the outlook is not catastrophic. The government has produced excellent results, and to decertify it would amount to targeting a person more than a policy. If it should choose this course of action, the United States would expose itself to charges of meddling in Colombia's internal affairs. Consequently, even though movement is currently in the direction of total decertification, there is a possibility that between now and 1 March, the solution will be intermediate certification like that granted last year, the difference being that it will surely be accompanied by a vehement political censure of Ernesto Samper. Inasmuch as such a censure would not have commercial implications for businessmen, the damage in Colombia would be moderate, while international repercussions would be considerable.

**Parliamentary Denouement**

Nevertheless, it is in Congress that the fate of the nation's president will finally be decided, independently of any reservations that public opinion might harbor concerning this legislative body. The parliamentary process is normally made up of three phases: the investigation by the Accusations Committee; debate by a plenary session of the House of Representatives; and

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debate by a plenary session of the Senate. If the matter is found to have merit in the Senate, it would have to be passed on to the Supreme Court of Justice, the only body that can convict a president in criminal proceedings.

Under normal circumstances, such a process cannot take less than a year. But neither Ernesto Samper nor anyone else has considered going the whole way. The chief of state is aware that absolution by Heine Mogollon's Accusations Committee is a political impossibility at the present time. He therefore wants to speed up the process so that it will be the plenary session of the House that will absolve him and spare him from going before the Senate, during which time he would have to remove himself from office temporarily. Temporary withdrawal under the current circumstances would amount to a final resignation.

The Accusations Committee phase cannot take less than two months based on the most optimistic calculations because in the final analysis, the Committee is the body responsible for conducting the investigation. It would be preceded by routine political wrangling over countless procedural aspects, including the makeup of the Committee, whose new members will be chosen by the House meeting in plenary session. Once this phase of the investigation has been completed, the evidence would be sent to the plenary session of the House for the final grand debate. Given the current crisis, this debate should not last over a month. When one considers that the prosecutor general has not even formulated his accusation and that everything is slow in Colombia, if in fact Ernesto Samper does come to be tried, the outcome would not be seen before May or June.

The House has an ample Liberal majority and the chief of state has the support of a Conservative wing of some 30 members. However, since the trial would probably be public, no outcome can be taken for granted. There is a procedure by which a congressman would be the accuser and, as in any trial, there would be defense attorneys. Those expecting an American-type trial with a judge, jury, analysis of evidence and analytical presentations will be disappointed. In practice, what we shall surely see will be an old-style oratorical performance in which Horacio Serpa will play a leading role.

Parliamentary oratory is not what people view as the administration of justice, but under the circumstances, that is what we shall have. The House meeting in plenary session cannot convict. It merely decides whether or not it will charge the chief of state before the Senate. This charge would be what Ernesto Samper would interpret as the final ruling and consequently, what he seeks is absolution by the House. If the latter is challenged, it would bring out its big gun: a popular vote. Nevertheless, this is more of a threat than a reality, and even though no one knows how far things will go, few believe there will be a vote. What his critics are hoping is that the situation will get worse before coming to trial. If it does and he is absolved, they do not rule out the possibility that he might prefer to leave with his head held high rather than stay on in an untenable situation. Some of his closest aides do not rule out this alternative. The one least enthusiastic about such scenarios is the protagonist, Ernesto Samper, who feels that he is more in the middle rather than at the end of the film.

**Colombian Authorities Arrest U.S. Drug Trafficker**

*PA0902182896 Madrid EFE in Spanish 1918 GMT 7 Feb 96*

[FBIS Translated Text] San Andres Island (Colombia), 7 Feb (EFE) — Official sources reported that the Administrative Department of Security (DAS) and the International Police (Interpol) today arrested Cuban-born drug trafficker Fernando Morales, alias Francisco Zacaro Noriega, in San Andres, an island in the Colombian Caribbean. Morales is sought by U.S. authorities.

Apparently Morales, who is a naturalized U.S. citizen and is wanted by the state of Florida, entered Colombia approximately 10 months ago. Judicial sources indicated that Colombian authorities were alerted to the possible presence of this Cuban-born drug trafficker in Colombia last May.

DAS, the Colombian secret police, and Interpol have been searching for him for the past several months in Cali, Barranquilla, Cartagena de Indias, and San Andres, where he was finally arrested.

Colombian authorities had already received a request from the U.S. Government for Morales' extradition.

**Colombian Police: ELN Targetted Ministries, U.S. Embassy**

*PA1202231196 Madrid EFE in Spanish 2210 GMT 12 Feb 96*

[FBIS Translated Text] Santa Fe de Bogota, 12 Feb (EFE) — Colombian police uncovered today a gigantic Army of National Liberation (ELN) terrorist plan against the Government Ministry, Defense Ministry, the Office of the Prosecutor General of the Republic, as well as the U.S. Embassy.

The residence of National Police Director General Rosso Jose Serrano and the Center of Higher Police Studies were also going to be targets of the guerrilla offensive.

The plan was uncovered in two searches of ELN urban centers that ended with the arrest of two alleged

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guerrillas and the seizure of a large amount of war materiel and propaganda by the organization led by former Spanish Priest Manuel Perez.

Thirty rifles, 73 fragmentation grenades, four "rockets," and a antitank mortar round are among the weapons seized during Colombian police operations, which were concentrated in neighborhoods in south and western Bogota.

Colombian Defense Minister Juan Esguerra said in a news conference that the terrorist acts the rebel group had planned are part of their intention to "urbanize the war."

**Colombian General: FARC 'Most Powerful Cartel' in Region**

*PA0902200996 Santa Fe de Bogota Radio Cadena Nacional in Spanish 2330 GMT 8 Feb 96*

[Report by Carlos Barragan]

[FBIS Translated Text] General Harold Bedoya Pizarro has pointed out that the FARC [Revolutionary Armed Forces of Colombia] drug cartel is the most powerful cartel in Latin America.

[Begin Bedoya recording] I believe we can say that a group of terrorists that has laboratories, exports and controls the cultivation of coca plants, and receives more than 300 billion pesos per year, is no longer a small firecracker [traquetico] or a small mafia gang [mafiosito]. No, I believe this is a cartel.

If we added all this up into kilos of cocaine, if we transformed these fibers into kilos of cocaine — today the kilo may fetch 300,000 pesos — here, in this production room, you may get an idea of how much these individuals are handling.

In addition, if you observe that the telephone numbers and the radio frequencies correspond to Cali telephone numbers and radio frequencies and to the radio frequencies of drug traffickers, then, we are faced with a cartel. That is a reality. This is evidence. I haven't the least doubt, neither does the army. [end recording]

Asked whether the FARC is now the largest cartel in Colombia, Army Commander Bedoya replied:

[Begin Bedoya recording] I believe it could be, because they have the capacity. You know these peasants inhabit the jungle regions where they have [word indistinct] all those crimes that you see there, we can talk about 40 murders in that entire region. [end recording]

General Bedoya Pizarro also pointed out that this FARC front kidnapped and is holding Senator Rodrigo Turbay Cotes and that the mayor of Millan Municipality, the governor, and a number of deputies in Caqueta Department meet with FARC subversives.

**Colombian Business Leaders Meet Samper, View Investment**

*PA0902182696 Santa Fe de Bogota Radio Cadena Nacional in Spanish 2330 GMT 8 Feb 96*

[Report by Luis Eduardo Maldonado, from the Narino Palace — live]

[FBIS Translated Text] The meeting between President Ernesto Samper and 25 of the country's most distinguished businessmen has ended.

In this meeting, the president said that, next to Chile's, Colombia's economy is Latin America's most stable and solid economy. The president recalled that exports to Veneuela have increased by 7 percent; those to Canada, Japan, and Europe, by 38 percent; exports to Peru, Ecuador, and Bolivia, by 34 percent; and those to the Latin American Integration Association, by 22.8 percent.

We spoke with some of the businessmen. We asked Jorge Herrera Varona, a businessman from Valle, how he sees foreign investment in Colombia, taking into consideration the country's economic crisis.

[Begin Herrera recording] If we examine foreign investment in recent times we will see that quantitatively speaking it is significant, but investment has been very selective, mainly in the oil sector. These investments depend greatly on what is going to be explored and what will be exploited. The country has existing deposits that have to be exploited, and this explains the presence of significant investment.

I think that as the situation in the country, this special political situation, is resolved, we will again have investment in other sectors. This country has never had large foreign investment in all sectors, but it has been adequate and has served to bring equilibrium to the country's exchange balance. [end recording]

**Colombia To Give Loans To Help Eradicate Illegal Crops**

*PA0902231896 Madrid EFE in Spanish 2211 GMT 7 Feb 96*

[FBIS Translated Text] Santa Fe de Bogota, 7 Feb (EFE) — The National Alternative Development Plan (PLANTE), launched by the Colombian Government to support those Colombian peasants who voluntarily eradicate coca, poppy, and marijuana crops, will grant $31 million in credits to 7,800 peasants, PLANTE directors announced today.

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Hector Moreno Reyes, director of the presidential program, indicated that the credits, with preferential interest of approximately 21 percent per year, will be used to motivate peasants who eradicate illegal crops.

In addition, PLANTE will distribute 40,000 tons of agricultural products this year, particularly cereals, grown in areas formerly used to grow poppy and coca crops.

PLANTE was launched by the Colombian Government in 1995 with the purpose of eradicating, in three years, the estimated 50,000 hectares of illegal crops that exist in the country. According to PLANTE figures, 15,000 of those 50,000 hectares have already been recovered.

The plan is being implemented in the leading Andean areas of illegal crops, mainly in the departments of Huila, Caqueta, and Guaviare.

## Ecuador

### Ecuador Reiterates Duty To Consolidate Peace With Peru

*PY1202180796 Madrid EFE in Spanish*
*2228 GMT 11 Feb 96*

[FBIS Translated Text] Border Marker No. 21 (Ecuadoran-Peruvian border), 11 Feb (EFE) — General Jorge Ortega, chief of the Ecuadoran Armed Forces joint command, today reiterated his country's responsibility to continue to search for and to consolidate peace with Peru.

During the ceremony for Maintaining Peace at Border Marker No. 21 (Yaupi/Santiago) on the Ecuadoran-Peruvian border, Ortega asserted that Ecuador has the "unavoidable duty to always march, in the future as in the past, in search of and to reassert the peace that is desired by both nations."

The ceremony started three hours late due to poor weather. It was attended to by General Nicolas de Bari Hermoza, chief of the Peruvian Armed Forces joint command, and the chiefs of staff of Argentina, Brazil, Chile, as well as the commander of the U.S. Southern Command.

Brazil, Argentina, Chile, and the United States are the guarantor countries of the Rio de Janeiro Protocol which established the border between Peru and Ecuador in 1942, and of the Itamaraty peace agreement which ended the war that the two Andean nations fought between 26 January and 28 February 1995.

In his speech, Ortega asserted that peace is needed to "help progress in the midst of truth and with dignity and security toward the much desired progress and development for the well-being of the Ecuadoran and Peruvian communities."

He also ratified Ecuador's commitment to "tighten even more the brotherly ties with the Peruvian people because this is the only way to know if we have satisfied the aspirations of two nations that want and should march together along the path of peace, justice, sovereignty, dignity, development, freedom."

The ceremony was held at Border Marker No. 21, near where the Yaupi and Santiago Rivers meet, near the Ecuadoran military bases Soldado Monge, Etza, and Teniente Ortiz, where the undeclared war waged between Peruvian and Ecuadoran Armies last year took place.

General Francisco Roberto Albuquerque, MOMEP [Ecuador-Peru Military Observers Mission] coordinator, termed today's ceremony as an "example to the world" and "historical" as it was the first meeting between top military leaders of the two Andean countries.

Ortega and de Bari embraced as they arrived at Border Marker No. 21, hoisted the flags of their respective countries, and sang the Peruvian and Ecuadoran national anthems before reviewing guards of honor posted by each country in the zone to make the solemn act.

The military chiefs crossed the border to salute the flag of the other country while the guard of honor and accredited journalists remained in the country to which they belong.

Bad weather delayed the departure from the Ecuadoran military base Patuca to the Peruvian detachment, Cahuide, and from there to Border Marker No. 21, of Argentine Chief of Staff Mario Candido Diaz; Brazilian Chief of Staff Benedito Onofre Bezerra; and Chilean Chief of Staff Raul Julio Tapia, as well as of Barry McCaffrey, commander of the U.S. Southern Command.

Before leaving for Cahuide, the chiefs of staff of the four guarantor countries met with the military representatives of the respective countries who comprise the MOMEP and who are safeguarding peace on the border.

Likewise, the bad weather prevented De Bari from going from Border Marker No. 21 to Patuca to hold an "informal meeting" with his Ecuadoran counterpart and exchange views regarding the peace process between the two Andean countries.

Today's military ceremony was preceded by the one in January in Lima between Ecuadoran Foreign Minister Galo Leoro and Peruvian Foreign Minister Francisco Tudela to establish the procedures to be used in future talks toward attaining a definite solution to the border conflict.

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**Guarantor Envoys Optimistic Over Peru-Ecuador Talks**

*PY1202183496 Madrid EFE in Spanish 2247 GMT 10 Feb 96*

[FBIS Translated Text] Quito, 10 Feb (EFE) — The chiefs of staff of the guarantor countries of the Rio de Janeiro Protocol today in Quito voiced optimism over the development of the peace process between Ecuador and Peru and announced that they will recommend their respective government to extend the permanence of the military mission in the conflict zone.

This was stated by Argentine Chief of Staff Mario Candido Diaz, Brazilian Chief of Staff Benedito Bezerra, Chilean Chief of Staff Raul Julio Tapia, and General Barry McCaffrey of the United States, who travelled to Ecuador today to attend the first meeting between General Nicolas de Bari Hermoza, chief of the Peruvian Armed Forces joint command, and General Jorge Ortega, chief of the Ecuadoran Armed Forces joint command.

The four countries are known as guarantor countries because in 1942 they witnessed the signing of the Rio de Janeiro Protocol, a peace agreement that established the border between Ecuador and Peru after a war in the Amazon.

In 1995 these nations helped prevent a military conflict by Ecuador and Peru — between 26 January and 28 February in a common zone in the Amazon that lacks border markers — from becoming an all-out war.

The chief of the Argentine joint staff told the media that "at the request of the parties, we will recommend our governments to order the permanence in the conflict zone of the Ecuador-Peru Military Observers Mission (MOMEP)."

The MOMEP comprises 100 Argentine, Brazilian, Chilean, and U.S. observers who supervise "in situ" the fulfillment of the peace agreement between Ecuador and Peru, which have engaged in three wars during the past 50 years.

Gen. Diaz denied that one of the countries asked to sign a military non-aggression pact, although he added that an initiative of that nature "would greatly" help to make progress in the peace process between Ecuador and Peru.

General Benedito Onofre Bezerra appealed for progress in the "successful" pacification process and asserted that "peace is a common objective of the guarantor countries and the countries of America."

Gen. Raul Julio Tapia said the presence in Quito of the four military commanders, who will travel to the border tomorrow to attend the meeting by the Ecuadoran and Peruvian high commands, "reflects the desire of the countries of the Southern Cone to preserve peace."

Gen. Barry McCaffrey, commander of the U.S. Southern Command, asserted that his country "will continue to endorse" this peace process.

MOMEP coordinator general Francisco Roberto de Albuquerque said: "Confidence is the key of this peace process," added that "all necessary measures to step up confidence between the two parties will be taken."

He urged Ecuador and Peru "to intensify talks" and asserted that "never before in this peace process have we experienced a situation so favorable for (definite) peace as we have now."

Ecuador and Peru can set an example "for the world on conducting such a delicate process," he asserted, adding that "from the military viewpoint everything is completely calm."

General Jorge Ortega, chief of the Ecuadoran Armed Forces joint staff, will meet tomorrow on the border with his Peruvian counterpart Nicolas de Bari Hermoza. He asserted that "MOMEP's permanence will be long."

Ecuador hopes Ecuadoran-Peruvian relations will lead "to a greater number of contacts to step up the relationship between the military commands, as a means to increase mutual confidence and overcome any incident that may surface."

He said the fulfillment of the "security manual" approved last year with precise instructions to avoid any incidents will help consolidate the peace process. He recalled that "some minor incidents have take place because the procedures mentioned in the manual were not followed."

The four visiting military commander arrived in Quito today from Lima. Tomorrow they will attend the meeting of the Ecuadoran and Peruvian military commanders who, for the first time in more than 50 years will discuss their border differences that have caused these military clashes.

**Peru-Ecuadoran Meeting 'Beginning' of Peace Process**

*PY1202232196 Madrid EFE in Spanish 0923 GMT 12 Feb 96*

[FBIS Translated Excerpt] Quito, 11 Feb (EFE) — The meeting held by General Ortega, chief of the Ecuadoran Armed Forces Joint Command, and General Nicolas de Bari Hermoza, chief of the Peruvian Armed Forces Joint Command, has marked the beginning of the peace

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process between Peru and Ecuador one year after they engaged in a conflict that left dozens of victims on both sides.

Ortega and de Bari Hermoza "embraced" before presiding over a ceremony designed to strengthen the binational peace process at Marker 21 on the Ecuadoran-Peruvian border, 350 km south of Quito. [passage omitted]

Ecuadoran President Sixto Duran-Ballen said: "The meeting of the chiefs of the Ecuadoran and Peruvian Armed Forces Joint Commands is very encouraging because it shows that what is being done should have been done many years ago."

He urged the two countries to "hold talks" to overcome the disagreements because "both have economies that can complement each other, and we should try to find a joint solution to our common problems."

He pointed out the task of the MOMEP [Ecuador-Peru Military Observers Mission] in promoting the binational military meetings "with the delegates of the four guarantor countries and with representatives of the Peruvian and Ecuadoran Armed Forces."

"We have conveyed the need to hold high-level military meetings. We will establish contact and try to hold a meeting soon," Ortega said without providing more details.

Ortega said: "There is willingness to reach a peaceful solution as "de Bari Hermoza had told me." He added that "in his speech, de Bari Hermoza has expressed this willingness and that of the Peruvian people and Armed Forces."

Ortega stated that Ecuador is determined to reach a lasting peace with dignity, adding that "this is the only way for our countries to meet the main objective of achieving major development and social justice."

**Generals of Ecuador, Peru Hold Meeting**

*PY1202234296 Madrid EFE in Spanish 0013 GMT 12 Feb 96*

[FBIS Translated Excerpt] Quito, 11 Feb (EFE) — General Jorge Ortega, chairman of the Ecuadoran Armed Forces Joint Command, and his Peruvian counterpart General Nicolas de Bari Hermoza sealed today with an embrace their willingness to solve through peaceful means the border conflict that led the two countries to three wars in the last 55 years.

Ecuador has the "unavoidable duty to always march, in the future as in the past, in search of and to reassert the peace that is desired by both nations," said General Ortega during a ceremony held today at Border Marker No. 21 (Yaupi/Santiago) on the Ecuadoran-Peruvian border.

De Bari Hermoza expressed his hope that the 1995 conflict, "which is in the process of being resolved through reason, will be the last confrontation, and that it will show the world that only through obeying international law will we be able to find a definitive solution to the border conflict."

General Hermoza said that "future generations will no longer talk about a past of confrontations and of conflicts to be resolved because the future comes with a common challenge," that is "the solution of social conflicts which require permanent attention and a very high degree of priority."

General Ortega emphasized that peace is needed to "help progress in the midst of truth and with dignity and security toward the much desired progress and development for the well-being of the Ecuadoran and Peruvian communities." [passage omitted]

After returning to the Ecuadoran Patuca base, General Ortega said: "We expressed the need to hold high level military meetings. We will keep in contact and try to hold another meeting soon." [passage omitted]

**Ecuadoran Official Evaluates Military Meeting With Peru**

*PY1302013596 Quito Voz de Los Andes in Spanish 2300 GMT 12 Feb 96*

[FBIS Translated Text] This morning, Loida Carriel interviewed Deputy Foreign Minister Marcelo Fernandez de Cordoba in Maca, Morona-Santiago Province. His comments are the first reaction on the part of the Ecuadoran Foreign Ministry to the historic meeting between Ecuadoran and Peruvian military chiefs.

[Begin recording, in progress] [Fernandez de Cordoba] ...is part of the peace process that started on 17 February 1995 when the Itamaraty Peace Declaration was signed. The meeting represents a demonstration of confidence on the part of the Ecuadoran and Peruvian Armed Forces; it also strengthens the process of relaxation in which the two countries are involved, and it consolidates the peace process.

[Carriel] The Itamaraty Peace Declaration was signed one year ago. How do you evaluate this process?

[Fernandez de Cordoba] It is a bit difficult to make a quick evaluation. The process has been long and difficult, but I believe it has opened a path for peaceful negotiations between the two countries. The path will be long, difficult, and complex in terms of reaching a final solution, but the important thing is that the process

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began. The plan for this meeting began in January of this year when the Ecuadoran foreign minister visited Lima to establish the procedures that would allow the two countries to meet Clause Six of the Itamaraty Peace Declaration. This involves direct negotiations with the purpose of finding a definitive solution to the subsistent impasse.

[Carriel] [words indistinct] that we are giving up our sovereign rights over the Amazon.

[Fernandez de Cordoba] We are not giving up anything. You can see that the Ecuadoran position is exactly where it should be. The process will be long. [words indistinct] the Ecuadoran people living in the Amazon region want a definitive solution to this conflict, and this is the purpose of the peace process, which, as I said, will be long, difficult, and complex.

[Carriel] What attitude do you think the Peruvian Armed Forces adopt regarding this meeting?

[Fernandez de Cordoba] The meeting is part of the peace process; it is a measure for creating confidence. This type of meeting must continue in order to have the right environment so that the two countries can approach the subsistent impasse as described in the peace declaration.

[Carriel] [question indistinct]

[Fernandez de Cordoba] The two countries are working in that direction and this is the purpose of the meeting. Otherwise, today's meeting could not have been held.

[Carriel] What issues were discussed in the brief meeting?

[Fernandez de Cordoba] It was a meeting that is part of the process, which, as I said, is beginning. Therefore, we must have patience because the process will be long, complex, and difficult. It will not be easy; the problem between Ecuador and Peru did not just appear yesterday. It is a problem that originated with the Republic in 1830, and for the first time since the signing of the Rio de Janeiro Protocol 53 years ago, the two countries are negotiating in an effort to try to find a definitive and just solution to this conflict. Because if there is no just solution, there will be no lasting and real peace, which is what the Ecuadoran and Peruvian peoples really want.

[Carriel] Was there any discussion on arms control?

[Fernandez de Cordoba] This is an issue that must have been discussed by the military leaders. Ecuador made a very clear proposal when Peruvian Deputy Foreign Minister Bernales visited Ecuador on 14 December 1995; it offered an exchange of information on arms. Peru then made a counterproposal to the effect that commissions be created to discuss this issue, and this will undoubtedly have to be decided because no decision has yet been made. I hope that our foreign minister will discuss this issue during his upcoming meeting with this Peruvian counterpart on 22 and 23 February.

[Carriel] Is everything ready for the meeting?

[Fernandez de Cordoba] Preparations for the meeting are being made by the Ecuadoran Foreign Ministry. The ministry is taking the final steps to prepare the meeting, which we hope will be successful.

[Unidentified reporter] Peruvian television [words indistinct] says that Ecuador engages in double talk — one involving diplomacy, and the other the military. We are accused of starting an arms race [words indistinct]

[Fernandez de Cordoba] This is absolutely false [words indistinct] propaganda to confuse people. You may recall that late last December, a big storm was created about the purchase of four Kfir fighters, but these airplanes do not change the balance of power between the two countries because Peru is better armed than Ecuador. Ecuador has not entered an arms race; all it did was to replace obsolete material [words indistinct] Ecuador advocates peace and we are all working on this path. I believe the Ecuadoran people love peace; it is their reason for living, and we want peace. But we want peace based on justice, and justice can only be achieved if the territorial problem between Ecuador and Peru is resolved adequately. [end recording]

### Ecuador: Armijos Discusses State of Financial Sector

*96SM0060A Quito HOY in Spanish 31 Dec 95 p 3A*

[Interview with Monetary Board President Ana Lucia Armijos by unidentified HOY reporter]

[FBIS Translated Text] [HOY] With the measures announced a few days ago, the government has renewed its support for the macroeconomic program. In continuing its emphasis on control of exchange rates, inflation and public spending, has the possibility of a devaluation definitively vanished?

[Armijos] In the past three weeks there has been great and persistent speculation about the possibility of a macrodevaluation. When the macroeconomic authorities announced the program on 29 October, they were very clear in pointing out that an exchange rate adjustment and a broadening of the band were being carried out that were considered necessary and sufficient to adapt ourselves to a new situation: a reduction in the flow of short term capital into the country. The reduction originated with the Mexican financial crisis and this country's internal problems. That adjustment was sufficient. We do not believe that the conditions or

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motives exist to go to a further devaluation. A decision of that kind would not bring any benefits and would only affect those with fixed incomes: the majority of the Ecuadorian population.

[HOY] What are the objectives of these latest measures and what results do you expect from them?

[Armijos] The market has reacted positively: the exchange rate has stabilized a few points below the band. The announcement of the creation of mechanisms for economic recovery through the rediscount line of the Financial Corporation, which would amount to a billion sucres, is designed to encourage the productive sector to finance its debts in the private banking system, to restructure its debts, and those who have been most affected by the energy crisis can extend the terms of their financing.

Once credit has been restructured between the productive and the financial sectors, the financial sector can discount in the CFN [National Financing Corporation]. In this way, not only will the productive sectors receive relief, but the banks will reduce their non-performing accounts, which are not exorbitant, but exceed their level of the past two years.

The restructuring of Petroecuador and of the management of INECEL [Ecuadoran Institute of Electrification] are political measures that complement the economic measures and which enable us to forecast a recovery of the productive sectors.

[HOY] How is the financial system expected to react when the lines of credit begin to function?

[Armijos] It should restructure debts in the productive sector, rediscount in the CFN, and assure itself that the resources have been allocated to the productive sectors. There are other lines of CFN credit, which, in addition to restructuring debts, will facilitate new investments in production. A line of credit will have a rate of interest equal to that of the average interest on liabilities, plus two points for the CFN. Average interest is not determined by the CFN nor by the Central Bank. It is the average interest of transactions in the entire financial system. That, too, is the responsibility of the financial system; as long as the average interest rate is low, then the interest rate levied on restructuring operations in the productive sector will also be low.

In general, the financial system is co-responsible for interest rates with the government. We have adopted all of the measures necessary to take us to lower interest rates. We expect a positive response from the national financial system. The resources have a specific destination: the productive sectors.

[HOY] Some analysts have not ruled out the possibility that increased liquidity could lead to increased speculation. Could that happen?

[Armijos] The interest rate in recent weeks has remained at the ceiling. It cannot break through because the Central Bank intervenes by selling dollars. The portion of liquidity that is being returned to the financial sector is for production. It is important to eliminate expectations of a new devaluation in order to lower interest rates, and this is a task not only for the government but also for the financial system and the productive sectors.

[HOY] What is your diagnosis of the country's financial system?

[Armijos] The financial system has undergone a brief crisis that began a few weeks ago with the collapse of three stock brokerage houses, which created a problem for financial companies and banks. Some of the banks shut down their lines of credit to the financial companies, creating a problem of liquidity. The economic authorities took immediate steps to speed up the treasury operations of the Central Bank. The short crisis was overcome.

The financial system has become stronger in the last year and a half, due to the enactment of the new Law of Financial Institutions, which made possible the creation of the Monetary Board. There has been strong capitalization of banks, especially during 1995, when, because of banking regulations, most of the profits earned in 1994 were used to capitalize financial institutions. The law placed limits on the amount of credit that could be extended to each borrower in order to avoid over concentration.

Permanent external auditing - under the new law - has an important responsibility in analyzing the portfolio of each institution. In each bank or financial institution there are now commissions that conduct these analyses.

[HOY] Will these new regulations make possible a solution to the problems of the financial sector over the short term?

[Armijos] Over time, the laws are being improved, and their implementation as well. The efforts made by the financial system should be acknowledged. When there is uncertainty and instability - as there was in 1995 - savers tend to save in very short term instruments. There has been a reduction in the terms of deposits in financial institutions compared to the terms of loans. This has caused a gap in liquidity, which obliges the financial institutions to go out and seek funds at any price. This increase in the cost of attracting funds has caused the margin between asset and liability interest

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rates to increase again - it is now at about 11 points - when it was as low as eight points at one time. The financial system can still make further efforts to reduce its operating and administrative costs, and thus decrease the gap between asset and liability rates.

The problem of the financial system is transitory. Due to the protracted energy crisis, some productive sectors are unable to repay their loans; the non-performing portfolio of the financial system has grown. But this is not a reason for alarm if we realize that as of 30 September, the non-performing portion was less than 3 percent of the total portfolio. It has now increased to about 5 percent due to the crisis we have experienced.

**[Box, p 3A]**

**A Difficult Circle To Break**

The president of the Monetary Board believes that the interest rate problem is complex and is the result of a series of factors. The uncertainties of 1995 created a permanent expectation of devaluation: the resulting increase in exchange rate risk leads to an increase in interest rates. The reduction in the influx of capital caused by the increase in country risk requires the payment of a premium to attract investments: interest rates go up. The saver has concentrated on the short term: this creates a lack of liquidity in the financial system that puts pressure on interest rates. The presence of too many financial intermediaries also puts pressure on the system.

"The public thinks that the most important factor in lowering interest rates is liquidity," Armijos says. She points out that liquidity is only one of the factors. And this has been demonstrated: in recent months the Central Bank has been forthcoming with funds for the financial system, but interest rates did not react. Much of these funds was used to buy dollars. When the financial institutions buy dollars, they allow the Central Bank to absorb sucres, and lack of liquidity reoccurs, keeping interest rates high.

"A government designs and implements an economic program, but for it to be successful, the support of the other sectors is necessary. And what we have achieved is also the result of the contributions of the various sectors," said Armijos.

**[Box, p 3A]**

**Statistics Show the Results of a Disputed Model**

According to Ana Lucia, the model proposed by this government requires continuity to achieve its goals.

The year 1995 has been a year of crisis and very costly for the country. While regretting the crisis, Ana Lucia Armijos points out that now it is important that the government not allow these costs to be borne by a single sector. The government has maintained one element of social compensation: the permanent concern with reducing inflation.

[HOY] Do we now have specific figures that permit us to evaluate the results of the macroeconomic program?

[Armijos] While we have ended this year with fewer reserves than in 1994, it must be recognized that we have reserves of about $1.6 billion.

Foreign trade has grown importantly; up to the month of October, total exports were $3.87 billion. We will finish the year with an amount greater than $4 billion. Since the decade of the 1970s, we have never exceeded $2.8 billion. If we analyze the structure of this trade, we see that non-petroleum exports account for most of it. Non-traditional exports will exceed $800 million - in the previous decade they were never more than $200 million.

If we analyze the external sector qualitatively, we can observe an important diversification in non-traditional exports. In 1990, we had no more than 200 classes of exports. Now we have more than 900.

The commercial surplus - ruling out the effects of the war - is $510 million. It will be larger than that of 1994.

[HOY] What happened with wages?

[Armijos] Real wages have improved: the nominal wage in August 1992 was 107,000 sucres. By 1 January it will be 380,000 sucres. In real terms - allowing for inflation - since August 1992, we have had an increase in real terms of 48 percent. These are positive indicators that reflect greater purchasing power.

[HOY] Those are positive figures. Are there goals that were not achieved?

[Armijos] We recognize that there has been a short financial crisis, which was made worse by the war, and a political and energy crisis that did not permit a decline in interest rates. In its 1996 program, the government reformulated its goals, taking all these adverse factors into account. Goals were set that were doable, realistic and pragmatic.

While economic growth in 1995 will be less than we predicted, we will still have economic growth that is greater than the growth in the population. Therefore, there will be no worsening of the economy in per capita terms.

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[HOY] What direction will the economic model of the Duran-Ballen government take in these final months.

[Armijos] The measures that have been formulated will enable recovery and will change the expectations of the productive sectors. The government will continue its economic model. This is a program that requires continuity to reach its goals.

## Paraguay

### Correction: Paraguayan President on Price Hikes

*PY0902180096 Asuncion NOTICIAS in Spanish 7 Feb 96 pp 18, 19*

[Corrected version of report on Paraguayan President Juan Carlos Wasmosy's television address on 6 February; explanatory note describes difference from initial FBIS version]

[FBIS Translated Text] President Juan Carlos Wasmosy last night appeared on television to justify recent government decisions to increase drinking water, electricity, and gasoline prices.

The president admitted that the adjustments had a fiscal purpose. Wasmosy told a radio station in Coronel Oviedo that if the government raised taxes it would be forcing the people in Caaguazu to pay for investments made by Corposana [Water and Sanitation Corporation] and ANDE [National Electric Power Administration] "to Asuncion's benefit."

In the case of gasoline, the president said an alternative to raising prices would have been to subsidize these services, "which would have meant that we had to take money from peasants so that people in Asuncion or Coronel Oviedo could drive their cars."

The president explained during the televised message that the increase in utility rates was not a government caprice, adding that the adjustments had to be made to cover the cost of the installations and investments that Corposana, ANDE, and Petropar [Paraguayan Petroleum, Inc.] have been making for several years.

"Our population is growing at a rate of 3.2 percent per year, the highest demographic rate in South America," Wasmosy said.

#### Electricity

"In the case of electricity, a study produced by ANDE in 1993 revealed that the electricity rate not only did not cover production costs, but it was 110 percent below what it should be," Wasmosy said.

According to the figures released by Wasmosy last night, Paraguay currently consumes some 800,000 kw, that is, the energy produced by more than one Itaipu generator (Itaipu has 18 generators and each of them produces 750,000 kw).

"In 1995 ANDE extended its electricity coverage to 821 towns and villages, 43 percent more than during 1993," the president said.

Wasmosy pointed out that another 1,500 settlements received electricity in 1995, that is, 85 percent more than during 1993. "ANDE serves 200,000 clients in the capital and 580,000 clients in the interior, making a total of 780,000 families," Wasmosy said, adding that ANDE made 220,000 new home connections during his administration and it is now covering 67 percent of all the country's needs.

#### Drinking Water

With respect to Corposana, Wasmosy said, that the 15.5 percent rate adjustment was in accordance with Law 626 of 2 August 1995 that was approved by Congress to fulfill an agreement with the Inter-American Construction and Development Bank. The law says that the increase must be at least 5 percent more than the registered inflation rate, which was 10.5 percent last year. This is how the figure of 15.5 percent came about.

Wasmosy said that Corposana contracted a $72 million loan with the Inter-American Development Bank (IDB) for the drinking water program and has plans to contract another loan of $148 million for the same purpose. The president said that Corposana made 27,000 new connections and served 135,000 new clients during this period, adding that current expansion programs will raise the number of new clients with drinking water to 200,000 families [initial FBIS version read: "200,000 people].

#### The Price of Oil Registered Important Adjustments

President Wasmosy said that the government took into consideration the higher price of crude oil as well as the higher prices of refined products Petropar imports from Brazil and Argentina before adjusting the price of gasoline.

When making an evaluation of the impact of this adjustment, which came into effect on 1 February, the president said that the government also needed to increase its tax collections to be able to balance its budget spending and invest in development programs.

#### Substantial Crude Price Increases

The president recalled that the prices of oil products, between January 1994 and January 1996, have experienced substantial increases in our purchasing markets.

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Oil increased by 53.71 percent in Palmar Largo, Argentina while the Saharand Blend of Algeria increased by 45.3 percent.

With respect to the finished products, Wasmosy said that during this period the price of regular gasoline increased by 39.21 percent, premium gasoline increased by 43.48 percent, and diesel oil increased by 54.21 percent.

The president reiterated what Petropar President Emilio Ramirez Russo said on the issue: the cost increases derive from price variations in the international market and from contract renegotiations with YPFSA [Government Oil Deposits, Inc], which was privatized and is one of Petropar's main suppliers. These changes forced the country to purchase oil at international market prices.

The president outlined the increase in the rate of the selective consumption tax, which varies with different products, adding that even though our country is a net importer of those products they are cheaper here than in other Mercosur [Common Market of the South] member country.

**Subsidies Was the Rejected Alternative**

During his televised message last night President Wasmosy said that the government decided not to raise taxes for this purpose in order to avoid putting the burden of some services on the shoulders of people who do not have those services.

"Everybody wants drinking water, electricity, or to drive a car, but all that costs money," Wasmosy said. "We must adjust prices whenever there is a change in those products' cost components, which are not a government responsibility. We must assume that responsibility and risk the political cost and the possibility of giving an argument to opportunistic demagogues."

"What we cannot do is to subsidize those products because subsidies are paid by the entire population, including those who do not receive those services," the president added.

Wasmosy again recalled the opposition criticisms at Government House on 3 February, on the occasion of the commemoration of the 2-3 February liberation revolution.

"The data on education and health mentioned by some opposition leaders are from the 1992 population and housing census. That is, they reflect a social and economic situation for which my administration is not responsible," the president said.

Wasmosy gave other figures on his administration's achievements, mentioning, for instance, education. "We had a deficit of approximately 5,000 classrooms. My administration built 1,700 new classrooms by last December and this year we started the construction of 1,237 additional classrooms. Besides, the extension of electrical services permitted an even further reduction of this deficit because it made possible the opening of night courses," the president said.

Wasmosy also mentioned that 91 health centers have been equipped since he took over power, adding that 60 percent of all new peasant settlements have medical assistance.

## Peru

### Guarantor Countries To Verify Peru-Ecuador Meeting

*PY0902193896 Madrid EFE in Spanish 0909 GMT 9 Feb 96*

[FBIS Translated Excerpt] Lima, 9 Feb (EFE) — The guarantor countries of the Rio de Janeiro Protocol are endorsing, as of today in Lima, the rapprochement and the development of mutual confidence between Peru and Ecuador through the arrival of high-ranking military chiefs who will witness the military detente meetings.

Military representatives from the guarantor countries — Argentina, Brazil, Chile and the United States — are in Lima today at the start of a series of visits to the two countries within the framework of the peace process implemented following the undeclared war the two countries waged a year ago.

One of the most important meetings is that which General Nicolas de Bari Hermoza, Peruvian Armed Forces Joint Command chairman, will hold with General Jorge Ortega, his Ecuadoran colleague, at the Ecuadoran military base in Patuca on 11 February in the presence of high-ranking military representatives of the guarantor countries.

The high-ranking military officers will also witness the peace and brotherhood ceremony that Peruvian and Ecuadoran military chiefs will hold at the Yaupi-Santiago border marker on 11 February.

The representatives of the guarantor countries are the chiefs of the joint staff of the Armed Forces of Argentina, Lieutenant General Mario Candido Diaz; of Brazil, General Onofre Bezerra Leonel; and of Chile, General Raul Tapia Esdale; as well as General Barry McCaffrey, head of the U.S. Southern Command.

Diaz and Bezerra arrived in Lima on 7 and 8 February, respectively; while Tapia and McCaffrey are expected today. The four are scheduled to meet with Hermoza sometime today. During this meeting they will review progress within the peace process in the demilitarized

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zone of the Ecuadoran-Peruvian border where the conflict was waged.

Hermoza will also brief representatives of the guarantor countries on "how the Peruvian Armed Forces view the peace process and the actions that must be undertaken to safeguard it."

The four high-ranking military chiefs are scheduled to travel on 10 February to Ecuador where they will meet with Gen. Ortega. After this meeting, they will witness the meetings on 11 February between the Peruvian and Ecuadoran Armed Forces chiefs in Patuca and later at the border.

Gen. Hermoza is scheduled to leave for Ecuador at 0800 local time (1300 GMT) on 11 February.

Peruvian President Alberto Fujimori met Bezerra on 8 February.

In comments to the press, Fujimori said that during this meeting he reasserted to the Brazilian high-ranking military chief that Peru upholds the bilateral negotiations sponsored by the guarantor countries.

Fujimori added that he expressed to Bezerra his hope that the Ecuadoran-Peruvian negotiations "will be conducted in as open a manner as possible." [passage on covered material omitted]

**Peruvian General: Arms Race 'Illogical'**

*PY1302004196 Madrid EFE in Spanish 1020 GMT 10 Feb 96*

[FBIS Translated Excerpt] Lima, 10 Feb (EFE) — General Nicolas de Bari Hermoza, chairman of the Armed Forces Joint Command, said today that Peru does not program its military purchases to engage in competition with neighboring countries because that would mean "entering an arms race that is illogical and against development."

Hermoza referred to the purchase of military equipment during a news conference held on 9 February in Lima in relation to the recent Ecuadoran purchase of four war planes that are already in Ecuadoran territory.

General Hermoza believes that the Ecuadoran purchase of the Israeli-made Kfir fighters, which have U.S.-made engines, does not affect the peace process in which Peru and Ecuador have been engaged since March 1995 in the wake of the undeclared war waged by the two countries last year.

"I do not believe the airplanes purchased by Ecuador are obstructing the peace process at a time when vital agreements have been reached for fulfilling the Itamaraty Peace Declaration," said Hermoza in the presence of military representatives of Argentina, Brazil, Chile, and the United States, which are the guarantor countries of the Rio de Janeiro Protocol. [passage omitted]

## Uruguay

**Uruguay's Broad Front Leader Resigns Over Internal Rift**

*PY1202113896 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1823 GMT 6 Feb 96*

[FBIS Translated Text] Montevideo, 6 Feb (AFP-NA) — After leading the leftist coalition Broad Front (FA) for 25 years, General Liber Seregni, retired, announced on 6 February his resignation as the FA president because he feels the FA Executive Political Board no longer supports him. The FA consists of socialists, former communists, former Tupamaro guerrillas, and independents.

Seregni announced his decision just when the FA was celebrating its 25th anniversary. Many of the thousands of FA activists attending the outdoor celebration started shouting: "Don't leave us, don't abandon us, let us not play into the hands of the right."

With his voice faltering, but displaying firmness, Seregni said: "I am not in a position to hold negotiations with either the administration or other political parties (...) This inevitably results in my inability to continue any longer as the FA president."

Seregni, 79, decided to resign following the indecision of the FA over a constitutional reform proposed by other political groups.

He had promised to convey the FA position to other parties by mid-February, but the Executive Political Board did not concur in calling a plenary session to discuss the issue.

He said: "We must show that commitments must be honored. It is hard for me to make this type of decision, but once I make them there is no turning back." He added that he is willing to stay in office until new FA officials are designated.

In his farewell speech, Seregni emphasized the need to place "the interests of the country and of the FA above personal and partisan interests." He thus clearly referred to the internal disagreements that are currently taking place within the FA.

Commenting on the constitutional reform issue, he said: "It would be a tremendous political and historical error not to pave the way for reforms to ensure electoral openness, security for voters, and freedom. I would not want its failure to be attributed to the FA."

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The reform proposal, which covers electoral topics and relations between government branches (executive and legislative), promotes the nomination of a single presidential candidate for each party through internal elections or, if no majority is achieved, through a vote by the respective conventions.

The proposal also calls for runoff elections if no candidate obtains 50 percent of the ballots in a general election.

The proposal also authorizes crossed (interparty) ballots in departmental elections, thus partly eliminating what politicians have described as cooperatives of votes.

The resignation of Seregni, who spent more than eight years in prison during the military dictatorship (1973-85), is the outcome of internal confrontations in which personality conflicts have played a decisive role.

Seregni indirectly touched on that issue, noting that when the FA was founded, its leaders "did not engage in personality conflicts and did not seek the limelight because everyone knew they were making history."

In 1989, when it was rapidly growing, one FA candidate was elected Montevideo mayor for the first time ever. Five years later, in 1994, the FA retained with even more votes the mayoralty of Montevideo (1.3 million residents), the capital of Uruguay.

Yet, the internal struggle within the left among socialists, radicals, and moderates ending up by sapping Seregni's strength. He has served as a true moderator for the conflicting passions. He announced in 1994 — reflecting his military background — that he was starting to retreat.

**Uruguayan Editorial Criticizes Samper's Plebiscite Plan**

*PY1002022296 Montevideo EL OBSERVADOR in Spanish 4 Feb 96 p 2*

[Editorial: "Samper and Plebiscites"]

[FBIS Translated Text] Hounded by numerous and plausible charges of having received financial support from drug barons for his election campaign, Colombian President Ernesto Samper intends to hold a plebiscite so that citizens may decide whether he must resign or stay in office. We deem such an initiative utter folly. In his capacity as incumbent constitutional president, Samper has absolute right to defend himself in an impeachment process before the Colombian Congress with all due constitutional guarantees. The best thing that can happen to Samper for the sake of his country, the prestige of its political class — which over the last few years has fallen into disrepute — and respect for the Constitution is the formalization of an impeachment — a fair and public one — to judge the president's behavior. On the basis of the evidence that is produced in that impeachment process, it will be decided whether or not an action will be brought against the head of state before the courts. This is what happened recently in Venezuela and Brazil with [former Presidents] Carlos Andres Perez and Fernando Collor de Mello, respectively.

It seems pointless, however, that the Colombian president should intend to settle the question of his innocence of culpability at the polls because truth and justice are not meted out by majority decisions but rather by judicial procedures provided for in each and every legislation. If the plebiscite were indeed to be held it would make a mockery of justice irrespective of whether or not the result of the vote is favorable to Samper. Truth is not found by raising hands to vote. Nor is innocence on the side of he who is able to obtain the support and endorsement of the majority or of a considerable number of people. Neither true democracies nor those countries where the rule of law can be said to be prevalent function like that.

Undoubtedly, the influence of drug trafficking on Colombia's political life has been growing with the passing of time. In many circles, it has been most difficult not to succumb to that pressure. Nevertheless, it is precisely on account of this that Colombia needs more than ever to firmly adhere to the constitutional and institutional procedures currently in force. The power of the law is the only thing which will enable that country to combat the noxious influence of those who systematically act outside the law.

It is the Colombian Congress, rather than the Colombian people, who ought to decide — rightly or wrongly — whether or not Samper is guilty of the charges leveled against him.

The Colombian situation also teaches an interesting lesson to our country since there are important political leaders who say that they submit to the judgment of the "people," as if the people had jurisdictional powers. What history teaches us is that the existence of "kangaroo courts" has led to innumerable crimes. If Uruguayan politicians continue insisting on this dangerous and odd theory, if this theory gains ground and is put into practice with the proverbial "collection

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of signatures," if we start resorting to "direct democratic instruments" to bypass representative members of the three branches of government who have been elected in keeping with the Constitution, portentous times will be looming up on the horizon — as calamitous as present times in Colombia. Let us "make haste in taking the necessary precautions" and consolidate more than ever the prevalence of the judicial and institutional mechanisms enshrined in our legal order. However perfectible they may be, those mechanisms constitute our shield to defend us against demagogy and populism in the same way that they can defend Colombia from the growing influence of drug trafficking.

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